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## NEWS SUMMARY

### GENERAL

## Barre acts as blockade resumes

French fishermen blockaded Cherbourg Harbour again yesterday after a 24 hour truce to allow the evacuation of thousands of British tourists stranded for as long as five days.

French Prime Minister Raymond Barre stepped into the dispute by ordering the navy to stand by to free access to the country's oil terminals. This followed after Fos-sur-Mer, the industrial harbour complex near Marseilles, joined the list of ports blockaded.

Three French Ministries have been called on to co-ordinate plans for possible navy action. Back Page

### Five Britons die

Five Britons—four male passengers and one female crew member—were among the 301 people killed when the Saudi TriStar crashed at Riyadh airport, the Foreign Office in London said.

### Times strike

Journalists at The Times are to strike from noon tomorrow following the management's refusal to meet a 21 per cent pay increase recommended by an independent arbitrator. Back Page

### Defence target

Defence Secretary Francis Pym said Britain may miss NATO's target of an annual 3 per cent increase in defence spending, but reaffirmed the Government's commitment to giving priority to defence. Back Page

### Reagan's pledge

Republican presidential nominee Ronald Reagan accused President Carter of jeopardising U.S. security with weak military policies that had encouraged the Soviet Union to intervene in Afghanistan. Mr. Reagan pledged to build up U.S. military power if he defeated Mr. Carter in November.

### Schoolboy dies

Schoolboy Gary Miller, 11, found on a rubbish tip with severe head injuries at the weekend, died in Walton Hospital, Liverpool. Gary was attacked while playing with a friend John Greenwood, 11, who died on Sunday.

### Israeli warning

Hostile action by Egypt cannot be ruled out, despite the recently signed peace treaty, Israel argued when presenting the U.S. with a $3bn request for military and economic aid. Page 3

### Zimbabwe row

Zimbabwe's minority coalition Patriotic Front party accused the ruling Zanu PF party of trying to prevent a free vote in the October local government poll—Mr. Mugabe's first popularity test since coming to power in March. Page 3

### Consulate shut

The Soviet Union has closed its consulate in the central Iranian city of Isfahan following an ultimatum from the Tehran government. Page 3

### Secret list

New Zealand is to publish its hitherto secret list of occupations for which immigrants will be accepted, because of skilled labour shortages, Immigration Minister Aussie Malcolm said.

### Briefly . . .

Otto Frank, father of Dutch Jewish Nazi victim Anne Frank whose diaries made her posthumously famous, died in Basle, aged 91.

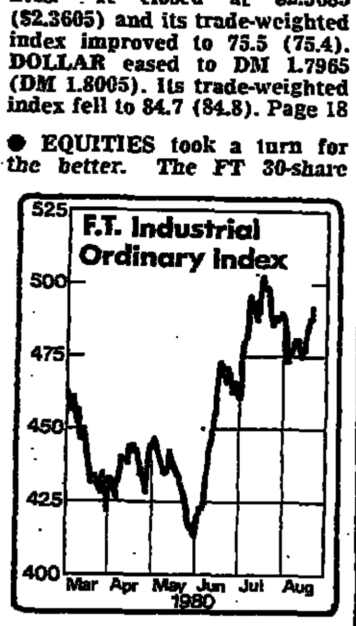
### BUSINESS

## Gold up by $11; Sterling firmer

● GOLD rose $11 an ounce in London to $634.5. Page 18

● STERLING was slightly firmer, mainly on dollar weakness. It closed at $2.3685 ($2.3605) and its trade-weighted index improved to 75.5 (75.4). DOLLAR eased to DM 1.7965 (DM 1.8005). Its trade-weighted index fell to 84.7 (84.8). Page 18

● EQUITIES took a turn for the better. The FT 30-share index closed 3.6 up at 491.7. Page 24




● GILTS were a little firmer, with the Government Securities index finishing 0.06 up at 69.13. Page 24

● WALL STREET was up 4.60 to 944.45 near the close. Page 22

● HONGKONG AND KOWLOON Wharf and Godown chairman Mr. David Newbigging is to stand down in favour of Sir Y. K. Pao. Back Page

● FIRESTONE Tyre and Rubber announced plans to cease production at Wrexham, Wales, its last tyre plant in Britain, with about 600 redundancies. Back Page

● FORD MOTOR dismissed U.S. Government evidence that transmission systems on 16m of its cars built during the last decade were potentially dangerous. Page 4

● CITIBANK of New York has brought forward the opening of 41 UK High Street savings and loan branches from 1983 to mid-1981. Page 6

● LLOYD'S of London members expressed major reservations about the Fisher report into its self-regulation. Page 6

● VAUXHALL received an order for 2,000 Chevette cars from its sister company Opel in West Germany. Page 6

● BRITISH PETROLEUM is to invest £100m in its West Sole gas field as part of a programme to increase supplies to the British Gas Corporation. Page 6

● NATWEST BANK appointed Eileen Cullen as its company secretary. She is the first woman to gain such a post in a major clearing bank.

● TALBOT UK workers at Linwood, Scotland, voted to accept an 18-month pay deal below the rate of inflation. Page 7

● BOWATER union leaders at Ellesmere Port formed an action committee to save 1,600 workers from redundancy. Back Page

### COMPANIES

● LONDON BRICK COMPANY reported first-half pre-tax profits more than doubled to £7.2m from £3.07m. Page 16; Lex, Back Page

● SCOTTISH, ENGLISH and European Textiles' pre-tax profits for the year to end April were £1.4m (£1.31m). Page 16

● JOHNSON GROUP Cleaners reported taxable first-half profits to end June down to £1.74m (£1.86m). Page 16

# Recession causes earnings growth rate to stabilise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of average earnings appears to have stopped accelerating. This is so far entirely because of the impact of the recession on overtime and short-time working. There has been no discernible change in the level of basic pay rises in annual settlements.

Department of Employment figures published yesterday indicate that the underlying rate of increase was about 21½ per cent in June compared with 21 per cent in the previous two months and less than 15 per cent a year ago.

Officials yesterday suggested that nothing should be read into the slight change between May and June which probably reflects the closing stages of the last pay round. The most likely conclusion is that the trend is neither improving nor deteriorating.

The level of earnings has, however, been reduced by about 1½ per cent over the last year by the impact of the recession which has cut overtime and boosted short-time working.

The hours of overtime worked in manufacturing rose by 300,000 to 12.56m per week between May and June (partly because of the coincidence of holidays not allowed for in the seasonal adjustment) though this was nearly 3½m hours less than a year ago.

Short-time working increased between May and June by 400,000 hours to 2¾m hours per week compared with 336,000 a year ago.

The recession is also having a growing impact on the level of unemployment. There are signs of nervousness in Whitehall about the mid-August figures due to be published next Wednesday. It will probably be a very close run thing whether the unadjusted total, including school leavers, rises above 2m, or remains slightly below this level.

The July figure was 1.89m and normally there is a seasonal rise in the adult total of about 40,000 between July and August. This is before taking account of the recent underlying rise in the adult total of 50,000 a month.

The outcome will depend on whether a further flow of school leavers onto the register offsets the normal seasonal fall in August in this group as companies begin to recruit school leavers. If the total does not rise above 2m this month a possible decline in school leaver unemployment in the autumn may spare the Government this embarrassment until the winter.

The recession only appears to be having a limited effect on the level of pay rises so far, despite reports of deals of less than 10 per cent in the Midlands. This is partly because of the usual summer lull in negotiations.

The evidence suggests that any moderation has been in the more vulnerable parts of manufacturing industry, such as motor vehicles, and has not yet spread to the private services or the public sector.

Any reduction in the level of settlements will not show up in the official figures until the end of the year, partly because few settlements are agreed in the next few months. Consequently, the 12-month rate is likely to remain at about 20 per cent for the rest of 1980.

The detailed figures show that the index of earnings covering 21m workers rose in the year to June by 21.7 per cent to 182.2 (January 1976=100) compared with a 21.3 per cent rise in May. Special factors such as substantial back-pay affected the figures for the Junes of both 1979 and 1980, and cancel out.

Earnings in manufacturing rose by 17.5 per cent in the year to June, with an underlying rate of increase of 18.5 per cent in the period. But lower overtime and more short-time working may have reduced earnings in manufacturing by about 2½ per cent.

Consumer spending drops, Page 6

Police pay rise, Page 7

# U.S. Steel urged to drop European dumping cases

BY IAN HARGREAVES IN NEW YORK

TOP-LEVEL TALKS have begun in earnest between the U.S. Government and the U.S. Steel company in an attempt to persuade the steelmaker to drop dumping charges against seven European steel-producing countries.

The talks are taking place against a deadline of October 17, when the Department of Commerce will release its findings on the dumping allegations.

These findings are understood, on the basis of evidence collected so far, to indicate that several European countries were guilty of grossly unfair pricing — a finding which could lead to the imposition of massive duties against European steel producers.

In the case of the British Steel Corporation—thought to be among the most serious dumpers—the duties could virtually double the price of British steel being sold in the U.S.

Mr. David Roderick, chairman of U.S. Steel, has had several discussions with Mr. Philip Klutznick, the Commerce Secretary.

The U.S. Government is anxious to prevent the dumping cases proceeding to a conclusion because it believes this would be bad for its trade relations with the EEC and because it is also unwilling to see competition from foreign steel in the U.S. eliminated while the country's car manufacturers are struggling to remain competitive with Japanese car imports.

U.S. Steel, however, is holding strong cards in the negotiations and is attempting to extract the maximum concessions from the Government in return for agreeing to call off the suits.

But the fact that Mr. Roderick is himself involved in the talks indicates that a negotiated settlement is regarded as a possibility. Mr. Roderick is also under pressure from others in the steel industry to make such a deal.

It is not clear what price Mr. Roderick wants for a settlement, but a key component is believed to be a strengthening of the trigger price mechanism, a device used to set a floor price on foreign steel.

The mechanism was suspended this year following the dumping allegations, because the Government said it could not administer it and investigate the dumping cases at the same time.

Initially Mr. Roderick pressed for a more complex two-tier trigger system—one based on Japanese costs, the other on European costs—but Government officials rule this out as unworkable.

Negotiations are now focusing on other ways of strengthening the system, in particular on ways of improving supervision of the trigger

Continued on Back Page

# Arab bid for M-way service areas

BY MICHAEL CASSELL

A CONSORTIUM of Arab investors has made a bid for control of the entire 38-station network of motorway service areas in England being sold off by the Government.

The Arab interests are believed to be among several potential purchasers who are waiting to see the outcome of negotiations between existing service area operators and Richard Ellis, the agents handling the sales on behalf of the Department of Transport.

If the present operators cannot agree purchase terms, offers from alternative investors will be considered. The identity of the Arab interests and the terms of their bid are not being revealed. Nor is it known whether they would be interested in buying selected stations instead of the whole network.

Other potential investors may also be interested in acquiring complete control of the network.

Richard Ellis would not comment on the state of negotiations, but it is understood that the sales are expected to be finalised, one way or the other, by mid-September.

Mr. Norman Fowler, Transport Secretary, announced the sales plan — which does not include three service areas in Scotland—last October. He said that the 38 service areas represented an investment at current prices of well over £40m. It is understood that a much higher figure will be raised if the tough negotiations now being conducted with existing operators are successful.

Most of the service areas are held on leases which still have between 30 and 50 years to run. New 125-year leases are being offered to the operators at prices thought to range up to around £4m.

Nominal ground rents are involved, but the lease terms are strict and aimed at ensuring that operators maintain high standards and provide only those facilities compatible with motorway service areas.

The service area network is at present in the hands of about eight operators. Granada controls 10 centres, Trust Houses Forte has nine through its Motor Chef operation, and Rank has five. Also involved are BP Marketing, Mobil, Blue Boar, Road Chef and Motoross, the Ross Foods subsidiary.

The Transport Department said that negotiations with existing operators were continuing but that Richard Ellis had been given total responsibility for securing the best terms.

# Bank acts as money market rates rise

By Peter Riddell, Economics Correspondent

MONEY MARKET interest rates soared yesterday morning in response to further severe shortages of liquidity. The Bank of England later intervened on a very large scale to stabilise conditions.

Overnight interbank interest rates—a key yardstick of market shortages—rose from between 18 and 19 per cent at the opening to a peak of 27 per cent before closing at just under 20 per cent.

At the morning level of rates there was a big incentive for top-quality borrowers to draw on their overdraft facilities, costing about 17 per cent, and re-lend to the money market at a profit. Such operations, known as round-tripping, will inflate sterling M3, the broadly-defined money supply, especially as the monthly figures for mid-August will be based on yesterday's balance sheets.

This may further complicate monetary figures which will anyway be distorted and boosted by further unwinding of the distortions caused by the end in mid-June of the corset controls on the growth of the banks' operations. This has led to switching back within the measured money supply of lending activities which were previously carried out in unmonitored and uncontrolled channels.

The end of the corset is one reason for all the hectic activity in the money markets over the last day or two. The resulting switch back of activities within the measured money supply has created problems for some banks in maintaining the required minimum ratio between certain reserve assets (such as gilts of less than a year to maturity, Treasury bills and money on call with the discount market) and their liabilities.

This has led to the shortages of liquidity which have been forcing up money market rates. The pressure has been reinforced by a draining away of funds in response to big income tax payments, large calls on partly-paid gilts and a continuing high level of bank lending.

Editorial Comment, Page 14; Money Market, Page 18; Lex, Back Page

£ in New York

| — | Aug. 19 | Previous |
|---|---|---|
| Spot | $2.3685-3585 | $2.3595-3610 |
| 1 month | 1.40-1.35 dis | 1.47-1.41 dis |
| 3 months | 3.15-3.10 dis | 3.40-3.34 dis |
| 12 months | 6.75-6.60 dis | 7.25-7.05 dis |

# Polish strike group active in 280 plants

BY CHRISTOPHER BOBINSKI IN GDANSK

THE POLISH autorities, confronted by widespread strikes in the country's Baltic ports, are still ruling out the use of force and claim to be making some headway with their policy of negotiating a return to work with individual striking factories.

Mr. Stanislaw Kania, the member of the Communist Party leadership responsible for security and the armed forces, told the Gdansk local Party committee on Monday that the strikes in the city were "counter-revolutionary." Nevertheless he told the local party organisation that the crisis "has to be resolved by political means as we have none other at our disposal."

The authorities hope that generous financial settlements, general fatigue and promises of reforms both in economic management and the official trade union movement will persuade the strikers to go back to work.

If the inter-factory strike committee, whihc is co-ordinating the stoppages, manages to keep its plants in Gdansk in line and the Government approach collapses, then, according to local Party officials in Gdansk yesterday, "we'll review our tactics. But we are determined to talk, talk and carry on talking with the strikers."

By yesterday, some 280 plants in the Gdansk region had joined the inter-factory committee. Polish political dissidents are playing a key role in it.

Mr. Jan Szydlak, head of the official trade union central council, admitted at a meeting of local trade union officials yesterday that "groups hostile to the socialist system have gained control of the situation in Gdansk."

His hard-line speech, which contrasted with Mr. Kania's pragmatic line, appeared to indicate that there is disagreement within the leadership on how to deal with the insurrection.

Mr. Szydlak said the basic issue was "struggle against the enemies of the system," and he stressed that the strikers should be taught a lesson they would never forget.

However, the authorities are still concentrating on soft-line tactics.

They evidently hope to isolate the Gdansk umbrella committee which has put forward both economic and political demands. In his speech to the nation on Monday Mr. Edward Gierek, the Communist Party leader, declared that some of the political demands were anti-socialist. The Government has refused to negotiate with the committee.

But the commission headed by Mr. Tadeusz Pyka, the deputy premier—which is in Gdansk to examine the strikers' demands—has invited individual plants for talks. It had spoken to representatives from 17 plants, Gdansk radio said yesterday. An official spokesman claimed that other delegations were telephoning to arrange meetings.

● Reuter adds from Warsaw: Polish police detained 14 members of the dissident self-defence committee (KOR) last night, including its leader, Jacek Kuron, dissidents said.

# Russia jams broadcasts

BY DAVID TONGE

THE Soviet Union yesterday began to jam Russian-language broadcasts of the BBC and Voice of America.

The jamming is the first since 1973. Last night the Foreign Office in London issued a statement deploring the Soviet action.

The Soviet Union, it said, clearly was acting against provisions on exchange of information contained in the Helsinki accords signed by Western and Soviet bloc countries in 1975.

A second conference to review implementation of the accords will be held in Madrid in November, with a preparatory session due to start there on September 9.

The BBC said yesterday that the jamming affected the six frequencies on which Russian-language broadcasts to the Soviet Union are beamed. It said an urgent search was being made to find other ways to reach its audience.

The BBC described Soviet action as "an admission of weakness."

It said: "There can be little doubt that they are deeply concerned about the possibly contagious effect in Russia of news about the events in Poland, details of which have been regularly covered in BBC broadcasts."



### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Avana | 175 | + 14 |
| Bibby (J.) | 210 | + 6 |
| Blue Circle | 380 | + 10 |
| Boots | 234 | + 4 |
| Brotherhood (P.) | 96 | + 5 |
| Commercial Union | 169 | + 7 |
| Dufay Bitumastic | 30 | + 5 |
| Electrocomponents | 705 | + 27 |
| GEC | 496 | + 8 |
| GUS A | 462 | + 8 |
| Hambro Life | 284 | + 14 |
| Horizon Travel | 295 | + 7 |
| Lee Cooper | 166 | + 12 |
| London Brick | 74 | + 2 |
| Man. Agency & Music | 160 | + 14 |
| Pearl Assurance | 422 | + 8 |
| Phoenix Assurance | 288 | + 8 |
| Progressive Secs. | 92 | + 23 |
| Racal Electronics | 285 | + 6 |
| S.E.E.T. | 50 | + 3 |
| Standard Telephone | 413 | + 9 |
| Tate & Lyle | 156 | + 6 |
| BP | 352 | + 4 |
| Charterhouse Pet. | 80 | + 4 |
| Shell Transport | 420 | + 4 |
| Gopeng Cons. | 640 | + 50 |
| Poseidon | 227 | + 9 |
| RTZ | 475 | + 7 |
| Ventersport | 710 | + 43 |

FALLS

| | | |
|---|---|---|
| Chubb | 96 | − 3 |
| Johnson Group Cleaners | 164 | − 7 |
| Rush & Tompkins | 212 | − 8 |
| U.D.T. 16pc Conv. '79-81 | £124 | − 4 |

CONTENTS



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# Unrest puts pressure on Poland's partners

BY LESLIE COLITT IN BERLIN

NO MATTER how the worsening strike situation in Poland is resolved, the country's troubled economy has been delivered a serious blow that will be felt by its financial and commercial partners in the West, and in Comecon.

West German bankers who deal with Poland say that the DM 1.2bn (£280m) loan to Warsaw arranged by a consortium of 25 West German banks, is still going ahead on the assumption that Poland remains a "solvent debtor."

However, they note that, if the internal situation deteriorates, a point could be reached where Western banks decide the risk is too great. Then, they could begin talking about a moratorium for Poland's debts of some $20bn (£8.5bn) as was suggested earlier this week in Washington.

The Soviet Union is almost certain to grant Poland a large rouble loan similar to the 1bn roubles they loaned the Poles in 1976 to allow the country to run an even larger deficit in its trade with Moscow.

The elaborate co-ordination of Poland's 1981-85 five-year plan with those of six other Comecon countries which has just been completed is regarded by Western specialists as having been "overtaken by events."

Poland is felt more likely to finish the year with a substantial fall in national income rather than with the modest 1.6 per cent growth originally planned.

The virtual shutdown of the bulk goods ports of Szczecin and Swinoujscie means that Polish coal and copper exports, which are important hard currency earners, are unable to leave the country. If the sporadic labour unrest reported in Silesian coal mines worsens, it will endanger this year's target of more than 200m tonnes, a quarter of which was to be exported.

The shipyards in Gdansk and Szczecin, which have turned Poland into one of the world's leading ship exporters in recent years, are now the scene of spirited debates about free trade unions. The Lenin yard in Gdansk expected alone to turn out 19 ships for export this year, with nearly half of them going to the West and the rest to the Soviet Union.

Agriculture was already hit by heavy rainfall and severe flooding, which rendered obsolete an estimated 21m tonne grain harvest, after last year's very poor 17.3m tonnes. This will necessitate a continued high level of fodder imports from the United States and additional loans to finance them.

After a promising hard currency surplus in Poland's balance of trade in the first months of this year, a deficit is now virtually certain in the remainder as the impact of the strikes is felt.

Poland had planned to concentrate much of its investment this year in capital intensive areas such as mining, energy, transport and agriculture which take long to show a return. Now, however, the Government will attempt to shift all available resources into boosting consumer goods and food production to try to satisfy the workers.

Although the Government had only recently said it intended to raise the price of milk and butter, after increasing meat prices last month, this move has now been delayed until the autumn at the earliest. However, any rises in food prices are highly unlikely for some time following this summer's reaction by the Polish working class.

This means that total subsidies which the Government pays to maintain low prices for meat and other basic foods, will soar above this year's Zloty 500bn (£7bn) level.

Even this, however, may no longer be enough to win back the sympathies of Poland's discontented workers.

**Peter Montagnon adds:** The $325m Eurocredit negotiated by Poland's Bank Handlowy with a group of major international banks should be signed tomorrow as scheduled, according to Euromarket bankers.

International banks are still prepared to take a positive longer term view of the country's future. Admitting to second thoughts on the credit might, moreover, damage the banks' own interests as it could render the country's domestic political situation even more uncertain.

The banks are acutely aware of the need to protect their already large exposure to Poland.

# Soviet Union urges 'flexible' European talks on disarmament

MOSCOW—The Soviet Union made a strong call yesterday for a European disarmament conference, saying a "broad and flexible" outline for the meeting could be decided on at the Helsinki review conferences beginning next month in Madrid.

The reference to a flexible approach appears to reflect Soviet interest in an early start to the meeting.

Plans for the meeting have long been delayed because of differing ideas of the conference's purpose among the Soviet Union, France, Finland, Sweden and others.

"The task now consists of doing away with current disagreements in the positions of countries on the goals and contents of the conference's work," said the Soviet appeal, published in Pravda, the Communist Party daily newspaper.

"In the opinion of the states of the Socialist fraternity," the meetings mandate should have a "broad and flexible character, since in this case it will be relatively easier to reach agreement on calling the conference on military detente and disarmament in Europe," Pravda said.

The Warsaw Pact countries have proposed Warsaw as the conference site and offered the West a series of new military "confidence-building" measures. Some Western officials have been sceptical of the offers, claiming they do not go far enough.

The measures proposed include expanding the number of military land manoeuvres that must first be publicly announced, public announcement of naval manoeuvres, and a ceiling on the size of exercises.

Eventually, Pravda said, East and West could come to a virtual non-aggression pact.

The article indicated that the Soviet Union *still* opposes increasing the geographical area covered by confidence-building measures. At present, Soviet manoeuvres further than 250 km from the territory of any other signatory of the 1975 Helsinki agreements do not have to be announced publicly.

France has expressed interest in expanding the scope of confidence-building measures as far as the Urals—2,500 km inside the Soviet Union. It has also called for excluding nuclear weapons from the disarmament conference, while the Soviet Union appears ready to include them.

AP

# French plan to exploit forests

By Terry Dodsworth in Paris

THE FRENCH Government has drawn up plans to develop the potential of France's enormous forest area, the largest in the European Community with the aim of cutting back the country's mounting trade deficit in wood products.

The project forms part of the current programme to mobilise French land resources, notably through a few chosen sectors in the food processing industry.

But the forests provide a particularly intractable problem because of their widely dispersed ownership and the virtually non-existent management of large areas of land. Partly because of these inefficient methods, France's deficit in wood and paper had grown to FFr 8.8bn (£890m) by the end of last year — the second largest sectoral deficit.

In the Government's view, a co-ordinated approach to managing wood production would create a more efficient industry and give France a competitive position on world markets. This in turn would lead to a reduction of imports and strengthen France's troubled papermaking industry.

At present, for example, one of the country's largest paper plants, owned by Cellulose du Pin, finds it cheaper to use imported wood even though it is situated in the middle of France's biggest forest in Aquitaine.

The Government scheme is aimed at persuading owners to get together to exploit their enterprises. Of the 14m hectares (34m acres) under trees in France, some 10m are reckoned to belong to 1.6m private owners. Most of these proprietors hold only very small parcels of less than 4 hectares (10 acres).

If Parliament accepts the plans, these owners would be encouraged either to sell in order to create larger holdings, or to come together in co-operative ventures. Central government aid is to be concentrated on larger units, so it is in the interests of land owners to create such groups.

At the same time, local authorities are to be given the right to create access to wood which they want to exploit commercially, while regulatory powers for the forests are to be concentrated in one government organisation.

There has been little visible response to these plans so far, but the agreement of the main financial interests involved is not in doubt following intensive discussions during the past year.

The success of the Government's plans, however, will depend in the long run on persuading the multitude of small landowners to alter their deeply ingrained habits of neglect.

# Dresdner lowers its rates

By Kevin Done in Frankfurt

**DRESDNER BANK, the second largest West German bank, yesterday cut its savings deposits interest rate from 5 to 4.5 per cent, a move which is expected to be followed shortly by most other institutions. It also lowered its credit interest rate.**

The banks have been waiting anxiously for the chance to lower deposit interest rates in the light of the tight squeeze on their profit margins in the past 18 months. Dresdner Bank has clearly decided that such a move has been justified by the fall in money market and capital market rates.

The Bundesbank, the West German central bank, meets tomorrow for its first council session since the summer break. The question of whether to lower its key discount and Lombard rates will figure prominently in the debate on a possible relaxation of its tight monetary policy.

The central bank is caught in a dilemma, however, between the demands of boosting the domestic economy which is beginning to slow down, and the need to hold interest rates at a high enough level to attract foreign capital to help finance the massive deficit of around DM 25bn expected on the current account.

Dealers in the money markets here suggested yesterday that an immediate move today to cut the Lombard and discount rates is unlikely. Both rates are at a post-war level reached only once before for a few months in 1970. It is expected, however, that the Bundesbank will move to lower the banks' minimum reserve levels, in order to improve their liquidity.

SPANISH PRIME MINISTER IN LISBON

# A helping hand for Sa Carneiro

BY JIMMY BURNS IN LISBON

A brief visit to Lisbon yesterday by Sr. Adolfo Suarez, the Spanish Prime Minister, highlights the close relations between his Union of the Democratic Centre and Portugal's ruling Democratic Alliance.

Sr. Suarez broke off his holiday to hold private talks with Sr. Francisco Sa Carneiro, the Portuguese Prime Minister, in the latest of a series of comings and goings between members of the two groups in the run-up to Portugal's elections on October 5.

Asked about the relationship yesterday, Sr. Suarez replied: "We never get involved in the domestic politics of friendly nations."

But Madrid gave generous moral, technical and financial support for the alliance before last December's Portuguese general elections. The UCD provided four pages of "strategic recommendations" which became essential reading for the alliance's campaign organisers. The bulk of the recommendations concerned the use of television and the media.

On the night of the election, UCD's campaign division also sent a team of experts to assist Sr. Sa Carneiro in the art of predicting "swing" votes. Such technical advice contributed to the alliance's convincing election win.

A few weeks ago, the UCD's international division delivered its second major strategy paper. But this time, the UCD has progressed to specific political advice which contradicts the official electoral policy of the alliance.

The most striking recommendation is that the alliance should soften its attacks on President Antonio Ramalho Eanes and try to keep the presidential issue out of the October general election campaign. Since becoming Prime Minister last January, Sr. Carneiro has brought the alliance out against Gen. Eanes and behind the alternative candidacy for December's presidential elections of Gen. Antonio Soares Carneiro.

Sr. Carneiro has declared that he will resign as Prime Minister if Gen. Eanes wins next December. The UCD, however, has judged the evidence of recent opinion polls and argues that President Eanes will continue to enjoy widespread popularity. This could work against the alliance in October.

This opinion is shared by a small but influential section of the alliance, led by Sr. Lucas Pires, a member of the Christian Democrat Party and the alliance's parliamentary spokesman. Sr. Pires was one of the last alliance officials to visit Madrid before the appearance of the UCD's latest strategy paper.

# Sharp fall in free world steel output

BRUSSELS—Steel production in the non-Communist world fell an annual 12.9 per cent in July to 35,695 tonnes, according to the International Iron and Steel Institute, which compiles figures from 29 countries.

The figure was 4.9 per cent down from the 37,539-tonne output in June and the institute said the sharp drop in the annual figure is too large to be attributed to seasonal influences.

U.S. production in July was 42.2 per cent lower than a year ago at 6,184 tonnes, while the EEC's 10,860-tonne output was 7 per cent below the July, 1979, figure.

Both Japan and Canada showed monthly production falls for the first time this year.

The countries covered account for 65.3 per cent of total 1979 world production. They exclude the Soviet Union, the East European bloc, China and North Korea.

Reuter

# Irish trade deficit widens

BY STEWART DALBY IN DUBLIN

IRELAND'S trade gap widened last month to Ir.£73.9m (£66m) compared with Ir.£52m in June. This was almost a quarter as big again as the July 1979 gap of Ir.£50.5m.

Even on the evidence of only one month's figures, Ireland's chances of getting its trade deficit down below Ir.£1bn for the year seem to be receding.

Ireland usually expects an improvement in its trade balance in July for various seasonal reasons. But while exports increased by only 4.9 per cent to Ir.£375.5m, largely because of weak food sales, imports rose by 7.4 per cent to Ir.£449.4m.

Although exports, particularly of manufactured goods have been holding up well, domestic inflation is rapidly robbing Ireland of its competitive edge over its trading partners in the European Monetary System.

Failure to bring the trade deficit down would mean that the balance of payments gap would be substantially unchanged from last year's Ir.£740m, which is regarded as unsustainable.

Soaring costs for a combat aircraft are limiting W. German military options, writes **Roger Boyes** in Bonn

# The Tornado rattles Bonn's defence planners

THE SOARING cost of advanced weaponry is forcing West German defence planners to make swingeing budget cuts and is also obliging them to re-think the way that battles should be fought in the 1990s.

The immediate concern is the expense of the Tornado multi-role combat aircraft, the joint British-German-Italian aircraft about to come into service. When development started some 10 years ago, the German Luftwaffe (air force) estimated that Tornados would cost them DM 15m (£3.5m) each. That is the so-called "fly-away" price, the basic machine without extras.

Now that the Tornado is ready to be taken over by the Luftwaffe and the Navy, the "fly-away" price has reached DM 35.2m (£8.2m) each and the overall system price (including, for example, spares, pilot training and value added tax), total a staggering DM 67.36m (£15.8m), easily making it Germany's most expensive weapons system.

Little wonder then, that German defence chiefs, who have ordered several hundred, are reeling. They have committed themselves to the aircraft, but find they are faced with stark, unpleasant alternatives—new aircraft or new ships? New aircraft or new guided missiles? Something will have to go.

Admiral Ansgar Bethge, the general inspector of the Navy, expressed the issue in graphic terms. Usually, he said, 65 per cent of naval procurement expenditure was devoted to ordering sea-going vessels and 37 per cent to aircraft. Over the next five years, this position would be completely reversed because of the costs of procuring the Tornado. In short, fewer ships are going to be bought because of the expense of the Tornado. The Luftwaffe is in a similar predicament and is having to reconsider the procurement levels of such ground-to-air missiles systems as the Patriot.

How can a single weapons system, planned for 10 years, wreak such havoc on a country's defence budgeting? Defence planners thrive on balancing the financially feasible with the strategically desirable—but the Tornado's costs have exceeded even the most pessimistic expectations.

This raises some fundamental questions for the German defence planning staff. Was the high cost of the Tornado a one-off case, or is it an indictment of multilateral weapons projects as a whole?

If the costs are specific to the Tornado, how can more rigorous cost controls and systems management be introduced? And if the Tornado's costs are merely the symptom of multinational weapons systems, what future is there for other major collaborative projects for the 1990s—the European tactical combat aircraft and the Franco-German main battle tank?

Defence Ministry officials take the view that some of the Tornado's costs are indeed unique, the result of reconciling several different national defence needs. At the same time, a substantial part of the cost escalation was due to "unavoidable" external economic factors, such as exchange rate fluctuations and the different inflation rates in the three partner countries.

The Tornado was conceived in the 1960s, the child of shifting strategies in the North Atlantic Treaty Organisation. In the light of the vulnerability of German air fields to Soviet attack, a short take-off successor had to be found to the F-1049 Starfighter. The U.S. and Germany began to think about a vertical-take-off aircraft—that is, an aircraft which could still fly against the Russians even after airfields had been largely destroyed—but this scheme was dropped when the West's defence concept changed from that of massive retaliation to flexible response. The flexible response strategy meant that the new aircraft would have to be more suited to conventional warfare. In the late 1960s, several countries, including Canada, Britain, the Netherlands and Italy, began looking into the possibility of an all-weather combat aircraft. It became increasingly clear that Dutch and Canadian requirements could not be met in the same aircraft, and they eventually dropped out of the discussions, leaving Britain, Germany and Italy.

But even with only three countries, the number of requirements mounted up. To meet the defence needs of all three states, the aircraft had to be an all-weather aircraft, highly manoeuvrable, have a good penetration ability and be able to make short take-offs.

The 1970 compromise design was provisionally costed at DM 15m for each aircraft, but the technology needed an electronic counter-measures system, for example—added considerably to the cost.

But this is not enough to explain why Tornado costs rose at double the rate of other industrial products in Germany between 1970 and 1980. This is partly because the raw material costs for the aerospace industry rose in the last decade by about 170 per cent, with titanium, used in the construction of the Tornado, rising some 400 per cent. Raw materials for the rest of industry rose by only about 70 per cent during the same period.

But in a three-nation project, inflation and exchange rate fluctuations play a particularly strong role, pushing up component costs and requiring constant adjustment of the distribution of work.

The high inflation in Britain and Italy clearly boosted the systems cost of the Tornado. According to a Defence Ministry memorandum, the price of the Tornado breaks down as follows:

- Avionics, fuselage, engines and general equipment—DM 35.26m.
- Plus 13 per cent value added tax and peripheral production costs—DM 44.91m.
- Plus spare parts, training apparatus, technical improvements, armament, transport, packaging, documentation and technical advice—DM 67.36m.

That is to say, DM 22.45m (the bulk of it for spares) has been slapped on to the basic price, but it is precisely on these system costs that there seems to be little control. Defence officials philosophically compare the aircraft with a car—no one expects, they say, for future servicing to be included in the initial price, but that is what happens when one buys a modern aircraft.

A controversial doctoral thesis recently completed by a German defence engineer, Herr Bruno Koeppl, goes considerably beyond this (fairly serious) analogy, and argues that inefficiency and poor cost control have plagued the Tornado project from the beginning. The fundamental problem is that of distorted competition. Thus he claims that the systems co-ordinators in such projects are usually allowed to bid for contracts and can, in effect, award themselves orders. Moreover, the German arms companies have a virtual monopoly in their respective fields, which again leads to ever-higher price ceilings.

Dr. (as he now *is*) Koeppl cites the case of a company "K" involved in the Tornado construction. An initial price was fixed for its contribution to the project, but over the 10 years it was asked to make several technical improvements. For each adjustment, it radically pushed up the overall asking price—to such an extent that the systems co-ordinator asked to look at the books and see whether the price rises were justified. Company K refused, and threatened to stop all work on the project—and the systems co-ordinator realised it had to accept the asking price. At that stage, nobody else could have taken over.

None the less, many collaborative projects can work out quite favourably, producing reasonably priced systems. Multinational collaboration, says the Defence Ministry, is essential to increase standardisation within the Atlantic Alliance, to promote European industrial integration, to provide longer production lines, and to keep down development costs. They point to the success of Franco-German missiles, and have high hopes of the Anglo-German air-to-air missile project agreed last week.

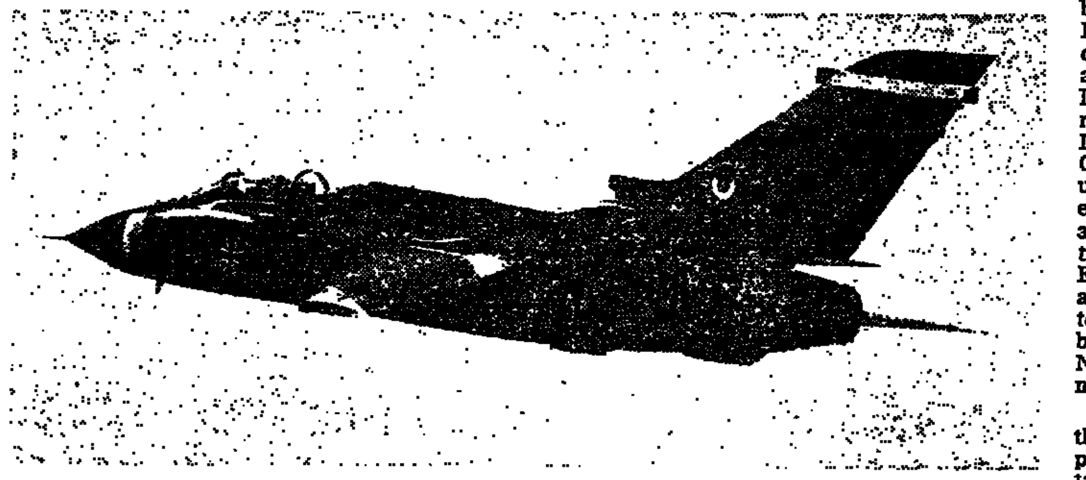
But the more sophisticated the weapon system, the more complex the pricing. And the more countries involved in the project, the greater the threat of uncontrollable system price escalation.

All this casts something of a shadow over two projects for the 1990s which meet precisely those criteria. The European fighter, now under discussion between Germany, France and Britain, could prove even more costly than the Tornado, and already Herr Hans Apel, the Defence Minister, has expressed reservations about the project. It seems unlikely, in the German view, that it will end up as a trilateral project, whatever the production line advantages. Rather, a co-operation with either Britain or France seems most probable, although officials are careful not to exclude the possibility of buying an existing aircraft (the Northrop F-18 seems to be the most favourably regarded).

But the decisive factor in all the multilateral projects is politics. The Franco-German tank, for example, has caused considerable unease in German industry, which claims it would be more economical to develop a new national tank, and that several German companies which have previously benefited from the first and second Leopard tank contracts would be brought close to bankruptcy because of the amount of work exported to France. The country's tank know-how, say the German industrialists, would wither away, and the Franco-German tank could escape the tight German rules on arms exports to areas of tension, thus creating political embarrassment. But Bonn considers the project imperative for political reasons—just as France is going ahead with developing the neutron bomb — the "enhanced - radiation weapon" — which could ultimately benefit Germany, so Germany should show itself willing to make sacrifices.

The problem is that politically expedient sacrifices are to some extent predicated on mortgaging the future. Just as German defence budgets have been hopelessly squeezed this year because of the combination of Tornado costs plus increased military aid to Turkey and elsewhere, so the defence budgets of the 1990s will be under intense pressure if the European fighter and the new Franco-German tank projects go ahead.

This, in turn, will have an effect on the range of military options available to the German forces. "And," quipped one aerospace executive recently, "if both the costs of weapons projects and the common agricultural policy carry on as they are, our children may soon face the choice: guns or butter."



The Tornado: price DM 67.36m, including VAT.

New aircraft or new ships? New aircraft or new guided missiles? These are two of the stark and unpleasant alternatives facing the armed forces as the cost of advanced weaponry soars. Something will have to go.

# North Sea clean-up yields rich harvest

By Fay Gjester in Oslo

A $2M pilot project to clean up two fishing banks off Norway's coast has yielded a larger harvest of rubbish than expected. During the operation, financed by the Norwegian Government and carried out this summer, some 150 tonnes of scrap were brought ashore from the Viking Bank and the Reef-edge.

The two important fishing grounds were selected by the Norwegian Fisheries Directorate as being the most badly littered.

Norway's Oil Directorate, which administered the clean-up, said it had demonstrated that seabed rubbish should be cleared and could be.

North Sea fishermen have blamed the offshore oil industry for increasing seabed pollution. But, of the 150 tonnes collected, only 60 tonnes were the result of oil activity. Most of the remainder had fallen from fishing boats and merchants vessels. The oil scrap found included a far greater proportion of large objects, capable of seriously damaging trawls and other fishing gear.

# Fall in Danish payments deficit

By Hilary Barnes in Copenhagen

DENMARK'S second quarter current balance of payments deficit was DKr 3.1bn (£235m), compared with DKr 6.4bn (£485m) in the second quarter, bringing the deficit for the first half year to DKr 9.5bn. This compares with a deficit in the whole of 1979 of DKr 15.6bn.

Changes in customs registration procedures for imports in May, however, reduced the second quarter trade deficit by about DKr 1.2bn, which will show up in the figures for the current balance of payments in subsequent quarters, said the Bureau of Statistics.

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# Israel presents U.S. with $3bn request for aid

BY DAVID LENNON IN TEL AVIV

HOSTILE ACTION by Egypt cannot be ruled out, despite the recently signed peace treaty, Israel argued yesterday when presenting the U.S. with a new request for large-scale military and economic aid.

Asking the Americans to provide $2.98bn (£1.2bn) for the U.S. fiscal year 1981-82, the Israeli Treasury argued that Israel primarily needs these funds because of the potential threat to its security and the huge defence burden which this entails.

The peace agreement with Egypt only increased this burden because of the relocation of troops and military installations required by their withdrawal from Sinai, it is stated in the request, presented simultaneously to U.S. representatives in Jerusalem and Washington.

This ignores the fact that the U.S. did provide Israel with over $3bn in additional aid to cover these special needs.

The Israeli request for $1.76bn in military aid and $1.2bn in economic aid also emphasises the increased oil bill which the country has to pay because of its agreement to hand over to Egypt the oil field which it developed in the Gulf of Suez.

Though more modest than the previous request—for some $3.5bn for fiscal 1980-81 which the U.S. pared down to $2.2bn—it is expected in Israel that the latest request will also be trimmed by Washington. But there is no apparent apprehension that the Americans might reflect their dissatisfaction with recent Israeli political action by reducing the aid.

Arguing its economic need, Israel stressed that by the end of this year the external debt is expected to total $17.4bn. Insufficient U.S. aid will force Israel to take short- and medium-term loans or deplete its limited foreign currency reserves. This, it is stated, "is likely adversely to affect Israel's standing in the international money markets."

Meanwhile, Israeli air force planes attacked targets at Nabatiyeh in southern Lebanon yesterday, in retaliation for Palestinian rocket attacks on northern Israel in the early afternoon. This latest flare-up occurred only one day after an Israeli land attack against Palestinian guerrilla bases in Lebanon.

An army official said that the targets attacked were used by guerrillas to launch attacks against Israel. No casualties were reported following the rocket attack on northern Israel.

Reuter adds from Beirut: Lebanon has protested to the UN and called for greater backing from Arab states, after Monday night's Israeli raid into South Lebanon—the biggest for two years.

Lebanon warned that the attack could start a new cycle of violence in the area. Mr. Fuad Butros, Lebanon's Foreign Minister, called on Arab states to draw up a realistic strategy to confront Israeli attacks. Lebanon alone was carrying the burden of what he called "Israeli aggression" while countries which could exert some influence were doing nothing, he added.

# Clash over voting breaks in Zimbabwe

By Our Salisbury Correspondent

A NEW ROW between the coalition partners in Mr. Robert Mugabe's Zimbabwe Government broke out yesterday over voting procedures in the October local government elections.

The minority coalition partner—Mr. Nkomo's Patriotic Front—accused the ruling ZANU-PF party of trying to prevent a free vote in the poll, which will be the Government's first test since coming to power last March.

The Nkomo party accused the Minister of Local Government of ordering the local

Mr. Robert Mugabe

authorities in the Mtoko area of eastern Zimbabwe to use *the "lining-up" method*, where voters line up publicly behind the candidate and there is no secrecy.

The party said that given the "prevailing high level of intimidation" in areas such as Mtoko any voting system which denied the secret ballot was "a direct invitation" to more intimidation.

"In the circumstances these elections cannot be free and fair," the party warned.

Mr. Eddison Zvobgo, Minister of Local Government, was accused of using colonial legislation, still on the statute books, to legitimise the voting technique.

Both coalition partners regard the local government elections as being of major importance because not only will they be a test of popularity but also local government powers are far-reaching and could become more so with the advent of rural development programmes.

● Mr. Edgar Tekere, Zimbabwe's Manpower Minister, made a two-minute appearance in court in Salisbury yesterday and was again remanded on bail until September 3.

His appearance was a formality, and seven of his bodyguards also charged with the murder of a white farmer near Salisbury earlier this month were also remanded, though they are being held in custody.

Court officials said it was hoped that the trial would start at the Zimbabwe High Court on September 8.

A BOOM IN SOUTH-EAST ASIA

# Growing pains for Sabah

BY PAUL CHEESERIGHT

ARMED WITH 20,000 packets of sweetmeats, traditional presents for the Moslem festival of Hari Raya, Datuk Harris bin Mohammed Salleh, the peripatetic Chief Minister of Sabah, Malaysia's most eastern state, was on the road and in the air last week, visiting his electorate.

His purpose was not purely festive. With an election due some time in the next 11 months for the 54-seat state assembly, it was another opportunity to assess public reaction to the crash development programme his Berjaya Party Government has initiated over the past four years.

The Government, in fact, finds itself in an odd position. Sabah, unlike many developing states, is enjoying a boom, regardless of the unfriendly economic atmosphere outside. The state is rich. Its Government can dispose of plentiful natural resources. But the people remain poor.

Sabah has hardwoods in abundance, and is shielded from the vagaries of international energy supplies by local oil and gas production. What it does not have is enough people of sufficient skill to make the most of the resources.

The construction industry would collapse without Filipino refugee labour. New industries need transient Indonesians. And therein lies a problem for Datuk Harris.

Sabah, once called Northern Borneo, and roughly the size of Scotland, is flanked seaward to the north and east by the Philippines and landward to the south by Indonesia. The faster the development, the more the state needs foreigners, and the more resentment this causes among the Kadazans, the biggest indigenous group among Sabah's 1m population. Foreigners already make up about 20 per cent of the population.

It is an indication of the strains induced by a development programme, aimed directly at a poorly educated rural population of fishermen and "slash-and-burn" wandering subsistence farmer.

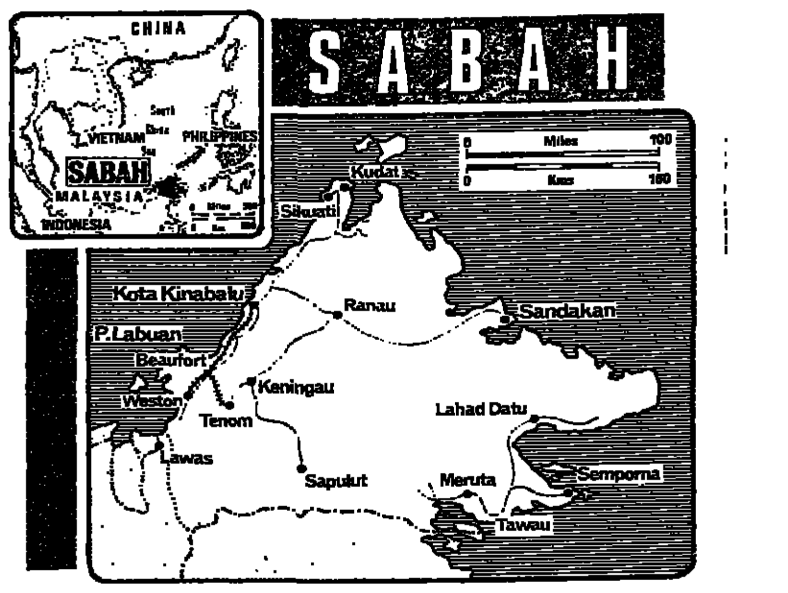
Yet, in conventional terms, the economy is doing well. Most indicators point in the right direction. Foreign investment, often from Japan, is coming in as fast as the state can cope with it. Sabah, they say in the other 12 of Malaysia's 13 states, could become the richest of them all.

The gross domestic product has been rising at a healthy 9 per cent a year. Helped by higher prices for timber exports, the mainstay of the economy, the value of exports has increased by 86.3 per cent since 1976 to M$4.13bn (£826m) in 1979. Last year there was a favourable trade balance of M$2.09bn, about a third of the total Malaysian surplus.

The state is rich enough to propose matching the federal Malaysian Government dollar for dollar in financing the fourth Malaysia plan, and is seeking a total allocation of M$8.7bn for development funds over five years starting in 1981.

But the fact remains that about two thirds of Sabah's population are still living below the federally specified poverty level, assumed to be around M$300 (£60) a month for a family of 5.6 people.

The state Government's response has been three-fold. It is seeking to wean the people of the forested interior away from traditional patterns of shifting cultivation to fixed farms and plantations growing a variety of crops from rubber and palm oil to cocoa, vegetables and nuts.




To do this, Datuk Harris said, there are four essentials—a rural credit system, a technology transfer (how to grow things properly), a marketing system, and the political will to lead change. But he does not rate success in any of these areas as higher than "so-so."

*The second prong of policy is* to conserve the state's valuable hardwoods by reducing exploitation, speeding re-aforestation and adding value by more extensive local processing. Success here ensures a flow of funds to rural development.

The latest statistics show that log exports are indeed falling and that sales of sawn timber, veneer sheets and plywood are rising, despite recent sluggishness on world markets.

Third, the state Government is pushing a limited industrial programme, based on the island of Labuan, a free port, which *Datuk Harris wants to make into* a "mini-Singapore." Projects are coming—there is a shipyard and an offshore oil equipment centre, and there are plans for a sponge iron plant—but lack of infrastructure, a labour shortage and poor communications are holding back development.

# Korea dialogue postponed

PANMUNJOM—North Korea *refused* yesterday to discuss procedural matters with South Korea for the proposed Prime Ministers' meeting between the two Koreas, for "political" reasons.

North Korea's chief delegate, Mr. Lim Choon-Kil, said it would be pointless to have more talks while the South has no full-fledged Prime Minister and was "in a complicated political situation. I have come to convey our intention of postponing the contact to Sept. 30," he added.

AP

# Russia shuts one Iran consulate

TEHRAN — The Soviet Union has closed its consulate in the Central Iranian city of Isfahan, following an ultimatum from the Teheran Government to shut one of its two provincial consulates in the country, Iran's state radio reported yesterday.

The radio said Mr. Fyodor Saulchenkov, Soviet Chargé d'Affaires, had informed the Iranian Foreign Ministry of the move on Tuesday, one day after the deadline set by the Ministry.

Mr. Saulchenkov said the Soviet Union's other consulate in Rasht, on the Caspian Sea, would be upgraded to a consulate-general, which was formerly the status of the Isfahan mission, the radio added.

According to the latest diplomatic list, the Isfahan Consulate employed three diplomats, as against one in Rasht.

The ultimatum followed what the radio said was the Soviet Union's refusal to let Iran open a consulate in Dushanbe, capital of the Soviet Central Asian Republic of Tadzhikstan, which borders Afghanistan.

Last weekend, Iran closed its consulate in Leningrad. It also has a consulate in Baku, capital of Soviet Azerbaijan. Relations between Tehran and Moscow have deteriorated in recent months because of the Soviet intervention in Afghanistan.

The Iranian Parliament yesterday decided to reply to a letter from 187 U.S. Congressmen asking for the early release of the 52 American hostages held since last November.

It was not clear, however, what form the reply would take or when it would be sent.

Reuter

# Vanuatu rebels attacked

PORT VILA — Prisoners from the rebel island of Espiritu Santo were kicked and beaten by jeering crowds—and then by police—through the streets of Port Vila, capital of Vanuatu, yesterday. The 26 rebels had to run a gauntlet of policemen wielding rifle butts and batons. Some were French citizens and M. Yves Rodrigues, the French Ambassador, immediately filed a formal protest.

The Government of Vanuatu promised an urgent investigation.

Reuter

# India aims for strong economic growth to 1985

BY K. K. SHARMA IN NEW DELHI

INDIA'S development strategy for the next five years has been finalised by the Cabinet and aimed at an average annual economic growth rate of 5-5.5 per cent. A five-year plan is now to be drafted by the Planning Commission which prepared a note on the strategy.

Before the plan is framed by early next year, a meeting of the National Development Council, the country's supreme economic decision-making body which has the chief Ministers of all the 22 states as members, is to be called within two or three weeks so that a national consensus on the strategy can be achieved.

If the ambitious growth target is to be achieved (GNP actually declined this year after monsoon failure hit harvests, energy supplies and created numerous infrastructural bottlenecks) it will mean greatly increased public investments. Some estimates are that the investments required will be about Rs 10,000bn (£550bn) in the next five years.

This will require a considerable resource mobilisation effort in which the states will have to take an active part: hence the need to obtain their consent before the plan is framed. Many feel that the effort required is so large that it will not be possible to do so without foreign help. This makes the search for foreign aid and large scale commercial borrowing abroad inevitable.

The broad thrust of the strategy is the removal of poverty, provision of employment opportunities, population control, development of energy and building up of infrastructure facilities which are now holding back both agricultural and industrial production.

Despite criticism that the targets have been set too high, the Indian Cabinet has decided that the new plan should be framed with a high growth rate in view.

It has said, that necessary policy decision to make the plan possible will be taken, including giving a greater role to the private sector.

# Hong Kong exports 'may slacken'

BY PHILIP BOWRING IN HONG KONG

EXPORTS, which have always been the driving force behind economic growth in Hong Kong are expected to slacken for the second half of this year, under the impact of shortening order-books according to the Government's half-year economic report.

First-half exports had grown 10 per cent in real terms compared with the first half of 1979, roughly in line with the growth rate last year, when they were the driving force behind an 11 per cent rise in gross domestic product, the report added.

It admitted that the rapid export growth rate was "not easy to explain" against a background of deteriorating economic conditions in its major markets. These conditions have affected the exports of Taiwan and South Korea.

In Hong Kong, consumer demand remained strong and this was likely to mean that in the second half, imports would grow faster than exports, widening the visible trade deficit from the first half's record HK7.6bn (£655m).

Among service industries, tourism was weak, with visitor arrivals in the first half falling marginally from 1979.

The report noted that continuing immigration and slackening demand for labour had increased unemployment to 3.2 per cent, a 50 per cent rise on the year. Real wages had fallen slightly, and were contributing to an easing of domestic inflationary pressures. In June, prices were up 15 per cent on a year before, although the increase since the end of 1979 had been only 6 per cent.

The report noted that import prices of consumer goods had actually fallen slightly in the first half, partly because of the strengthening of the Hong Kong dollar in the first few months.

Since then, the currency has slipped back and some observers think it could fall again, should the trade account deteriorate further and renew price pressures.

The reason for the increase in domestic credit—which in June was 27 per cent up on six months before and 50 per cent above a year ago—was "difficult to interpret," the report concluded.

# Bush fends off China questions

BY TONY WALKER IN PEKING

MR. GEORGE BUSH, the U.S. Vice-Presidential candidate flew in from Tokyo yesterday fending off questions about the confusion surrounding the Republican Party's China policy.

Mr. Bush, head of the U.S. Liaison Office in Peking in 1974 and 1975, said it would be "inappropriate" for him to answer questions about Mr. Ronald Reagan's remarks concerning possible recognition of an independent Taiwan, before talking to Chinese officials.

On Tuesday, the People's Daily launched a strong attack against Mr. Reagan, warning that restoration of formal links with Taiwan could destroy relations between Peking and Washington.

In Tokyo, Mr. Bush tried to explain Mr. Reagan's remarks, suggesting the Chinese had misunderstood the tenor of these remarks. Mr. Bush said he had been asked to visit China by Mr. Reagan to exchange views with the Chinese leaders.

"I look forward to the chance to discuss a wide range of topics," Mr. Bush said, adding that China's influence in world affairs continues to grow and the importance of the relationship between the U.S. and the People's Republic is recognised by all Americans.

"Governor Reagan and I share the view that the relations between our countries will continue to develop harmoniously and will serve to reinforce the cause of peace in Asia, and indeed in the entire world."

The Vice-Presidential nominee is in Peking at the invitation of the Foreign Affairs Institute of China. It is expected he will meet at least one senior Chinese official, possibly Deng Xiaoping, the Senior Vice-Premier.

Mr. Bush will be seeking to reassure Peking that a *Republican Administration* will not make any substantial alteration to America's China policy. The Chinese, however, will be seeking an undertaking there will be no change in present arrangements negotiated before the normalisation of relations at the beginning of 1979.

Our New Delhi correspondent writes: China has made a significant conciliatory gesture to India by returning unharmed a group of 40 Indian soldiers who had crossed the border into Tibet on August 8. The group spent almost a fortnight in the custody of the Chinese.

According to the Indian Defence Ministry, the soldiers strayed into Chinese territory during bad weather while on patrol. As soon as it was known that the group was missing, the Chinese Embassy was asked to return the soldiers if found in Tibet.

If Sino-Indian relations were more strained, the presence of Indian soldiers in Chinese territory would have undoubtedly led to a major incident. By releasing the Indian army contingent without making any fuss, the Chinese apparently wish to show they do not want Sino-Indian relations to cool permanently, and have raised hopes in New Delhi that an announcement of a visit by Mr. Huang Hua, China's Foreign Minister, to India, will be made by Peking soon.

Motor industry concern as small cars come under attack

# Desperate Ford fights recall order

BY IAN HARGREAVES IN NEW YORK AND PATTI REALI IN WASHINGTON

FORD MOTOR, yesterday dismissed as "sheer fantasy, irrelevant and grossly inadequate" the evidence mounted by the U.S. Government to prove that transmission systems on 16m of its cars built in the last decade are potetnially dangerous.

Ford which has plunged into record losses this year, is fighting against a possible Government order that the cars be recalled, a development which would cost the company hundreds of millions of dollars.

After months of tests, the National Highway Traffic Safety Administration announced in June an initial determination that Ford transmissions were faulty.

The hearing which began yesterday in a packed room of the Department of Transportation is designed to give Ford and its opponents from various consumer groups the chance to argue the case before the Department decides whether to force a recall.

The safety agency says it has evidence that the fault, which allegedly causes some Ford cars to jump from "park" to "reverse" while the engine is idling, has killed 98 people and injured a further 1,710 in a total of 6,000 accidents.

Heading Ford's assault against the allegations is Mr. William Coleman, the 60-year-old lawyer who was himself Transportation Secretary in Washington for two years in the mid-1970s.

Mr. Coleman, whose firm will be paid over $1m for its work, assailed his former Department's allegations, claiming that Ford had been singled out for attack even though its transmission designs were not essentially different from those of many of its competitors, including General Motors and some importers.

Mr. Coleman said of Ford's automatic transmission: "They do not, cannot, slip out of 'park' into 'reverse'. It is physically impossible for a Ford or any other domestic vehicle to jump from 'park' to 'reverse' unless a component of the control system is broken or the control system is grossly maladjusted."

This kind of argument is expected to proceed for three days, assisted by cutaway transmission systems on display in the hearing room and later by examination of whole vehicles.

Ford is hoping that it will repeat its success earlier this year when a jury threw out charges, unique in U.S. corporate legal history, that Ford was guilty of criminal homicide as a result of the death of a group of young people when a Ford Pinto exploded in a crash.

That case made a significant dent in Ford's small car image, something which has made the company's already serious problems in the U.S. market even worse. With Ford's new world car due for launch in the U.S. and Europe within the next eight weeks, the company is desperate to quell the bad publicity stemming from the transmission case.

The matter, however, may not be resolved quickly. Following this week's hearings, the safety agency will probably take about a month to decide whether or not to issue a recall order. If the agency issues such an order, Ford will almost certainly appeal, taking the matter into a long battle in the courts.

# Small cars fail U.S. safety test

BY OUR NEW YORK STAFF

**SMALL CARS, or at least most small cars, are not as safe as big cars. This assertion, popular wisdom among many Americans still reluctant to enter cheerfully the world of smaller, more economical vehicles, was lent strong support in the latest round of crash tests carried out by the U.S. Department of Transport.**

**In the tests, 12 of the smallest cars available in the U.S. were driven into a wall at 35 mph. Only two of them—the General Motors Chevrolet Chevette and the Fiat Strada—convinced the testers that the occupants would be protected from death or serious injury.**

**The failures were the Honda Civic, Toyota Corolla, Toyota Tercel, Datsun 310, Subaru GLF, Honda Prelude, VW Rabbit convertible (known as the Golf in Europe), Audi 4000, Mazda 626 and Datsun 300.**

**These failures joined earlier failures by the VW Rabbit hard top and the Ford Fiesta. Passes in the previous round of tests went to the Chrysler Plymouth Horizon, Ford Mustang and Chevrolet Citation.**

**Although the tests are not related to any actual federal safety standards, the results are being hailed as evidence that American small cars are generally stronger than foreign ones and that small cars in general are more suspect on safety than large cars.**

Mr. Reagan . . . U.S. defence policy "in a mess."

# Surge for Carter in convention opinion poll

By Our Washington Correspondent

**THE VOLATILITY both of opinion polls and the American political mood was amply demonstrated by yesterday's Gallup poll which put President Jimmy Carter only 1 percentage point behind Mr. Ronald Reagan, his Republican challenger.**

**The apparent closing of the gap by the President to a virtual dead heat with Mr. Reagan is seen as an artificial result after last week's Democratic convention, and most pollsters are waiting for early September surveys for a more measured indication of the White House race.**

**"This is clearly the post-convention push that Presidential nominees get. The Republicans got theirs and now we've gotten ours," Mr. Jody Powell, the Carter Press Secretary commented. The Carter campaign's more optimistic forecasts do not foresee their man overtaking Mr. Reagan in the polls until mid-September.**

**Apparently unrattled by his decline in the polls, Mr. Regan continued to attack the Administration yesterday in his second speech on defence and foreign policy this week. Addressing the sympathetic audience of the American Legion, the Republican claimed that Mr. Carter's policies were so confusing that they encouraged the Russians to intervene in Afghanistan.**

**But Mr. Regan also urged the U.S. to restore "true, essential equivalence" with Moscow on arms—a phrase toned down from his previous calls for military superiority over the Russians. Smoothing the rough edges of Mr. Reagan's hawkishness is also the aim of Mr. George Bush, his running mate, in talks with Chinese leaders in Peking this week, to assure them Republicans seek only a limited rapproachement with Taiwan.**

**Meanwhile, Mr. Billy Carter, the President's brother, is for the first time today to take the stand in defence of his Libyan links before the Senate investigating committee. So far this week, evidence by Mr. Henry Coleman, a business associate of Mr. Billy Carter, has merely provoked angry recriminations from Democratic Senators that Messrs. Coleman and Billy Carter should have known their Libyan trips would embarrass the Carter Administration.**

# Brown warns of growing Soviet threat

WASHINGTON—U.S. Minuteman nuclear missiles which are housed in underground silos may already be vulnerable to destruction by pinpoint Soviet nuclear attacks, Mr. Harold Brown, U.S. Defence Secretary, said yesterday.

Mr. Brown warned that Soviet military advances in weapons power, numbers and technology could in the future "threaten the survivability of each component of our strategic forces," including 1,000 Minuteman Intercontinental Ballistic Missiles, the bomber forces and missile-firing submarines.

Mr. Brown . . . warning.

"For our ICBM's, that potential has been realised, or close to it," he said. "The Soviets are now deploying thousands of ICBM warheads accurate enough to threaten our fixed Minuteman silos."

The threat to the bomber force and submarine-launched ballistic missiles, was more remote, said Mr. Brown.

His statement appeared to make the Soviet threat to the U.S. Minuteman ICBM force more immediate than his forecast to Congress less than seven months ago. At that time, he predicted that "within a year or two we can expect them (the Soviets) to obtain the necessary combination of ICBM numbers, reliability, accuracy and warhead yield" to put most U.S. land-based missiles in jeopardy in the event of an attack.

Defence department officials explained that since that report was issued the U.S. has had to reassess its expectations of the speed with which the Soviet Union has been able to introduce its new missiles and improve their accuracy and efficiency.

Yesterday Mr. Brown expressed confidence that the U.S. can maintain what he called "essential equivalence" with the Soviet Union and effectively deter a Russian attack by modernising its strategic forces with the mobile MX missile, bombers armed with Cruise missiles, and giant new Trident submarines

He stressed that the controversial plan for 200 MX missiles, which would be shuttled among about 4,600 shelters in western states, "is highly important for preserving the long-term strategic balance."

The Defence Secretary also defended the revised U.S. nuclear strategy, which places greater emphasis on an ability—and readiness—to strike at Soviet military and strategic industrial and command centres, and less importance on attacking the largest Soviet cities and their civilian inhabitants.

He sought to emphasise that the new strategy implied no intent to strike first with nuclear weapons, but that "we are talking about what we could and would do in response to a Soviet attack."

Agencies

# Canadian premiers meet over constitution

BY JIM RUSK

CANADA'S 10 provincial Premiers are meeting in Winnipeg today and tomorrow in an attempt to find a united position on constitutional reform which they can take to September's constitutional showdown with Mr. Pierre Trudeau, the Prime Minister.

The Premiers meet every year, but this get-together is crucial. Although some Premiers have suggested that the September showdown meeting is only another round in the constitutional talks which have hung over Canadian politics for the past decade and a half, there are signs the federal Government regards it as a last-chance affair this time.

Since the separatist forces were defeated in the Quebec referendum in May, Mr. Trudeau has argued that federalists must press ahead with constitutional reform, lest separatism resurges in Quebec and interest flags in the rest of the country.

Since the Prime Minister met the Premiers in Ottawa in early June, federal and provincial ministers and officials have tried to find a way to repatriate the constitution from Westminster, where it has been for the 113 years since the British North America Act was passed, to find some formula for amending it, and to make some of the changes needed to strengthen the constitutional structure of the nation.

Canada's unity has been weakened by more than two decades of internecine battles between the federal and provincial governments.

So far, there is little agreement on such major issues as the division of power between Ottawa and the provinces, and the provision of a Bill of Rights in the constitution, although a consensus seems likely on interprovincial haulage, authority over communications and family law.

Mr. Peter Lougheed, Premier of Alberta, has been at loggerheads with Ottawa for nearly a decade over oil pricing, and his province has led the push for increased control over natural resources. This includes denying Ottawa the power to impose export taxes or to set prices unilaterally.

The federal Government, with Ontario in its corner, has been willing to grant the provinces much of what they want on resources, in return for a constitutional provision to prohibit any provincial law or practice which inhibits the free flow of people, goods and capital across Canada.

Some provinces, like Manitoba, have opposed a constitutional Bill of Rights on general grounds. The most divisive issue has been Ottawa's desire for constitutional guarantees of linguistic rights which would give French minorities outside Quebec and English minorities within Quebec the right to be educated in their own language if numbers warrant.

Mr. Rene Levesque, Quebec's Premier, whose Government passed a bill denying English Canadians who moved to Quebec the right to English language instruction for their children, opposes constitutional guarantees of linguistic rights on the grounds that it represents a federal invasion of provincial control over education. On the surface, there appears little chance of unity in Winnipeg this week.

All the signs point to unilateral action by Ottawa if the September meeting does not reach a consensus which holds enough promise for Mr. Trudeau to continue to struggle with the provinces. His goal is a constitutional package he can take to Westminster this winter for repatriation of the constitution by next summer.

Judging by recent polls, Mr. Trudeau is likely to conclude that he will never have a better chance to run around obstinate provincial premiers with a direct referendum. One recent poll put his approval rating at 57 per cent, higher even than it was at the time of last winter's election victory, and another showed overwhelming public support, as high as 91 per cent, for most of his constitutional proposals.

# S. Africa-Zimbabwe rail delays 'not politically inspired'

BY BERNARD SIMON IN JOHANNESBURG

DELAYS IN moving rail traffic from South Africa to Zimbabwe are not politically motivated, Mr. Chris Heunis, the South African Minister of Transport, said yesterday.

According to South African freight agents, congestion on routes to the north has eased slightly in recent months as increasing use is made of road transport. They said that the movement of essential goods, such as maize, wheat and fertiliser, to Zimbabwe and Zambia has not been disrupted.

Mr. Heunis said there was a backlog in South Africa last week of 55,500 tons of cargo for Botswana, Zambia, Zimbabwe and Zaire. Daily clearances across Beit Bridge, South Africa's northern border with Zimbabwe, total 6,500 tons, while about 5,000 tons of goods are railed daily on the western route through Botswana.

The Minister said that "clearances depend on traction power and staff supplied by Zimbabwe Railways, over which South African Railways has no control."

The slow turnaround of wagons in Zimbabwe and Zambia has been a major reason for delays in rail traffic between South Africa and its northern neighbours. According to Mr. Heunis, there were 3,535 SAR wagons in Zimbabwe last week, and a further 1,316 in Zambia and Zaire. This represents about 2.5 per cent of the total number of wagons owned by South African Railways.

Meanwhile, Zimbabwe has started to import oil from Mozambique, according to freight agents in Johannesburg. The oil is refined at the underutilised refinery at Maputo and railed through South Africa.

# Turkey extends its debt repayment plan

BY METIN MUNIR IN ANKARA

THE DEADLINE attached to Turkey's programme for liquidating $1.9bn (£800m) in outstanding suppliers credits was extended anew yesterday for a further two months.

This was the third extension of the deadline following the announcement of the programme by the Government of Mr. Suleyman Demirel earlier this year.

Nearly 100,000 big and small suppliers worldwide are affected.

A Government decision, which appeared in yesterday's official gazette, has now given these suppliers until October 31 to select one of the two options Turkey is offering.

Suppliers arrears represent debts incurred mainly as a result of cash against goods and cash against documents transactions. The suppliers involved are those which have not covered themselves with their export insurance agencies. Turkey could not settle its debts—some as old as three years—owing to a severe cash crisis, which is still prevalent.

The Government has presented its suppliers with two options: repayment in Turkish lira in a lump sum up to $10,000 and in 12 equal instalments with two-month intervals for transactions exceeding this amount; and repayment in foreign currency over 10 years with the first instalment being made at the end of the 54th month.

The authorities have not said what the level of subscription to the scheme to date has been. Bankers and diplomats say, however, that only a small number have opted for either of the two repayment schemes.

# Nissan agrees to delay joint deal with Alfa

TOKYO—Nissan Motor said it has agreed to an Italian proposed delay until September 15 of a deal under which the State-owned Italian car company Alfa Romeo would produce cars in a joint venture with Nissan.

Mr. Masataka Okuma, vice-president of Nissan, said the agreement was arrived at in talks here with Sig. Ettore Massaces, chairman of Alfa Romeo.

The proposal followed a statement by Sig. Gianni de Michelis, the Italian Minister for State participation in industry, that the Italian Government will make a decision by September 15 on the Nissan-Alfa Romeo deal, he said.

Mr. Okuma said he had been told that, under present circumstances, final Italian Government approval would be granted by that date, about one month behind the original deadline set in the Nissan-Alfa Romeo agreement.

Under the present plan the two companies will produce about 60,000 cars a year in a factory to be built near Naples.

Reuter

## Ansett's Boeing plan approved

CANBERRA—The Australian Government has given Ansett Airlines approval, subject only to the financing arrangements, for a A$400m (£196m) programme to re-equip with Boeing aircraft.

Mr. Rupert Murdoch, the Ansett managing director, has already obtained from the U.S. Export Import Bank a loan of $290m (£123m), the terms of which were subject to Senate enquiry.

Meanwhile the Government is still considering the cancellation of an order for four Airbus Industrie A-300 airbuses from Trans-Australia Airlines as retaliation against the EEC's proposed sheepmeat regime.

Agencies

# U.S. seeks to stem anti-trust antagonism

By Paul Cheeseright

THE U.S. is seeking to stem the rising antagonism among some of its major trading partners over its application of anti-trust laws. This became apparent at a recent meeting in Washington of the Attorney-General, Mr. Benjamin Civiletti with Senator Peter Durack, his Australian counterpart.

They noted the need for an agreement which would provide machinery for consultation on differences arising from U.S. anti-trust enforcement. And Mr. Civiletti suggested that such an agreement could be a model for bilateral accords with other countries.

The Civiletti-Durack talks took place against a background of international concern—and resentment—about the way in which the U.S. has been seeking to spread the application of anti-trust laws outside its territorial borders.

The U.S. moves have been rationalised by the argument that if commercial activities outside the U.S. have an effect on the U.S. then they become the subject of legitimate inquiry by U.S. enforcement agencies.

Such an attitude has raised not only complex questions of international law but has also prompted other nations to defend their sovereignty by taking blocking action to prevent what they consider to be unwelcome U.S. incursions into their legal territory.

What other nations consider the aggressive nature of U.S. policy has been seen in recent years in inquiries into an alleged international uranium cartel, operating outside the U.S. and within the laws of countres controlling the particpating companies, into the North Atlantic liner trades, and in recent months into the Australia-New Zealand-U.S. liner trades.

The overall response to these steps has been the sprouting of legislation to prevent the flow of evidence into the U.S., to stop the enforcement of U.S. court judgments where they involve penal damages, and, in the UK case, to provide a means of clawing back any punitive damages paid.

Among countries passing legislation have been Australia, Canada and New Zealand. EEC countries have been sucked into the process and, last June, a bill to stop the provision of evidence, where national interests might be involved, was introduced in the French Senate.

The result of the spreading laws and the international talks has been the development of a de facto front against the U.S. There has been nothing formal about this. Rather there has been an alliance of resentment held together by informal talks among officials.

There is nothing in the Civiletti-Durack acknowledgement of the need for more consultations to suggest that the basic resentments, which are directly related to touchy issues of sovereignty, will be mollified.

The basic reason, in the view of trade diplomats, is that machinery for consultations does not address fundamental questions. It only seeks to provide an administrative procedure to make the disagreements easier to handle.

In practice bilateral consultation agreements could mean little more than a government knowing earlier than it might otherwise have done that the U.S. authorities are planning an investigation into an activity in which it is concerned.

But that could soften tempers. It would avoid the sort of situation Australia faced over the latest shipping investigation. U.S. enquiries had been going on for over six months before formal demands were made for evidence.

# Indonesia finds its place in the Japanese sun

BY RICHARD COWPER IN JAKARTA

WHILE RELATIONS between Japan and Indonesia have occasionally been tempestuous, a balanced marriage has been formed in recent years which shows Indonesia is no longer a poor and dependent spouse overwhelmingly dependent on the economic authority of its powerful neighbour to the north.

Looked at in purely trade terms, it might even be said that Japan needs Indonesia more than Indonesia needs Japan.

In the first half of this year, Japan's trade deficit with Jakarta more than doubled over the same period last year, jumping from $2.5bn to $5.3bn.

Indonesia is of immense strategic and economic significance to Japan—arguably second only in importance to that of the U.S., Japan's main ally and trading partner.

More than 60 per cent of Japanese trade and around 90 per cent of its energy imports pass through Indonesian waters, straddled as they are across the main shipping routes between the Pacific and Indian oceans. At the same time Indonesia itself is a major supplier of energy and raw materials to a resource-houngry Japan. Maintaining friendly relations with Jakarta is, therefore, a major foreign policy objective of the Japanese Government.

Last year Indonesia overtook Australia to become Japan's third largest trading partner after the U.S. and Saudi Arabia and by the end of 1978 Indonesia had become the largest recipient of accumulated Japanese foreign investment after the U.S.

For Indonesia, Japan is perhaps of even greater importance in the economic sphere. In 1979 Japan was far and away Indonesia's biggest trading partner—accounting for over 40 per cent of Indonesia's total foreign trade. At the same time Japan provided Indonesia with its main sources of foreign investment (around 40 per cent up to the end of 1978) and foreign aid (at least 30 per cent in 1979).

## Resentment

Though both nations accept the powerful economic forces that bind them to an alliance of mutual interdependence their economic marriage is not without tensions. This simple fact causes periodic soul-searching among the technocrats who run Indonesia's economy, though inevitably the attractions of such a close and lucrative market win out against Jakarta's sporadic attempts at market diversification.

Indonesia's nationalistic resentment—in part fuelled by Japan's highly visible economic penetration—spilled on to the streets in violence in 1974 during the first ever visit by a Japanese Premier. The so-called Tanaka riots proved a sobering experience for Japan's 6,000-strong business and diplomatic community which, ever since, has been looking over its shoulder wondering just how reliable and stable an ally the pro-Western regime of President Suharto will prove to be in the long run.

At the official level, leading Japanese politicians rarely visit Jakarta, and when they do the reception they receive is in marked contrast to the feting to which even the humblest ASEAN nation dignitary has become accustomed.

In private, however, neither side can deny the central importance of the relationship. Total trade between the two countries last year climbed nearly 50 per cent from $7.3bn in 1978 to $10.9bn, of which $2.1bn were Japanese exports to Indonesia and $8.8bn were imports from Indonesia.

For Indonesia this represents over 40 per cent of its total trade with the outside world, the nearest rival to Japan being the U.S. which, in 1979, accounted for just 18 per cent of Indonesia's total trade of $23bn.

The figures may not look so dramatic from the point of view of Japan's overall trade picture,

Premier Suzuki: Maintaining friendly relations with Jakarta a major Japanese objective.

**Indonesia is Japan's third largest trading partner after the U.S. and Saudi Arabia, supplying 10 per cent of total imports. As liquid natural gas sales increased and oil prices moved higher, Indonesia lifted its exports to Japan in the first half of this year by 94 per cent over the 1979 first half to $6.7bn. This rise made Indonesia Japan's second largest source of energy supplies. Japanese exports to Indonesia rose more than 60 per cent over the same period to $1.5bn as demand for machinery increased, a reflection of renewed activity in the Indonesian economy.**

President Suharto: Doubts about the stability of his regime.

but Indonesia is a key supplier in two important sectors—energy and raw materials. In 1979 Japan imported some $5.36bn of petroleum and petroleum products from Indonesia accounting for nearly 15 per cent of Japan's total oil imports.

Indonesia also provided Japan with some 45 per cent of its liquefied natural gas needs and 20 per cent of its supplies of raw materials.

Despite continuing attempts to diversify its sources of energy supplies, if anything Japan's dependence on Indonesia seems to be growing. Last year Indonesia overtook Iran to become Japan's second largest supplier of crude after Saudi Arabia. At the same time, Japan's long-term energy strategy, which calls for reduced dependence on oil and increased use of gas, has meant a growing interest in Indonesian liquefied natural gas. Last year Japan bought 14m tonnes of LNG (56 per cent of world production) of which 6.3m tonnes came from Indonesia.

This year Japan is likely to buy over 8m tonnes from Indonesia, and a number of Japanese companies are currently negotiating to take up to a further 6.4m tonnes which it is hoped Indonesia will be producing by 1985. If the deals go through Indonesia could be providing well over half Japan's LNG needs by the middle of this decade.

Foreign exchange problems are delaying planned heavy industry investment and funds being diverted to long gestation energy projects.

Added problems for growth are a slackening of the previously buoyant tourism industry and stagnating overseas remittances as Middle East construction projects fail to keep pace with oil revenues. But agricultural production, particularly grains, has continued to show remarkable strength, responding to several years of heavy Government infrastructure and support schemes, and to grain pricing policies which have ensured that real returns to farmers have been roughly maintained.

## Minor market

According to the Japanese Economic Trade Organisation (JETRO) Indonesia accounted for some 20 per cent of Japanese raw materal imports last year, by far the largest proportion of which was timber. Indonesia—now the world's largest exporter of tropical hardwoods—boosted timber exports to Japan from $716m in 1978 to $1.5bn in 1979, thanks mainly to a doubling of timber prices.

As a market for Japanese goods Indonesia is, however, of much less importance, though this could well change in the longer term. Indonesia, with a population now estimated at over 140m, is the world's fifth largest nation but, with GNP per capita believed to be only $370 a year, spending power is understandably limited. Last year Japan exported $2.1bn in goods to Indonesia—just 2 per cent of total Japanese exports, though an estimated $1bn of Japanese goods was believed to have entered Indonesia via Hong Kong and Singapore.

For Indonesia this represented at least 30 per cent of total imports, a striking example of the comparative size of the two economies.

It is difficult to fortell just how the relationship between the two countries will develop over the next decade. Much will depend on whether Indonesia can attain a smooth transition of power when President Suharto, now at the helm for nearly 15 years, makes way for a successor.

There is little doubt that even the current pro-Western regime he leads would like to see the U.S., EEC and the Association of South East Asian Nations playing a larger role in Indonesia's economic picture, while in some respects Japan realises that with such a strong grip on important sectors of the Indonesia economy it is dangerously overexposed. That said, however, both sides are well aware that such changes, if they do occur, are likely to happen slowly.

Meanwhile, the two nations will remain inextricably bound in a relationship of mutual economic interdependence which to date has proved extremely profitable to both.

# Fisher report faces Lloyd's opposition

BY JOHN MOORE

Lloyd's of London insurance market have expressed major reservations about the contents of the report into self-regulation.

Some proposals of the report, prepared by Sir Henry Fisher and working party, may be drastically modified, shelved or even abandoned if agreement cannot be reached.

A letter from Mr. Peter Green, Lloyd's chairman, which most of Lloyd's 18,552 members will receive today, says that market associations representing all sections of the market have expressed "reservations about certain points an dthese will form part of the continuing discussions with them."

Mr. Green has not detailed the reservations.

The most serious objection is to the key recommendation of the Fisher report calling on brokers to divest themselves of their right to manage Lloyd's underwriting syndicates.

To avoid the continuing conflict of interests which arise because of the commercial links of a large broker managing a syndicate, Fisher suggested that brokers should divest themselves of these links over a period of five years.

But the market has supported the general principle of the Fisher recommendations: that of the creation of a new 25-strong council, with wider statutory, regulatory and disciplinary powers than the existing 16-person ruling committee of Lloyd's.

Lloy'ds is preparing a private enabling Bill for presentation to Parliament in the next session to introduce the new council.

To promote the Bill, 75 per cent of the members voting at a special meeting to be called on November 3 or on November 4 must vote in favour if the Bill is to go ahead.

All 18,552 members have been asked to attend, though proxy votes can be arranged. The meeting will be held at either the Royal Festival Hall on November 3, or the Royal Albert Hall the next day. The actual date will depend on how many members agree to attend.

Brokers are planning their own meeting on September 1 to discuss the proposals. Mr. Kenneth Grob, chairman of Alexander Howden Group, the insurance broker with large Lloyd's underwriting interests, said yesterday that "the whole market is almost solidly against divesting underwriting interests from broking operations. Divestment would be disastrous."

Other areas of disagreement are understood to concern the Fisher plans for the power to exclude members from Lloyd's and the powers of the new council.

One suggestion in Lloyd's is that arrangements should exist for a referendum of members to implement or create byelaws.

# Citibank steps up challenge to retail market

BY ALAN FRIEDMAN

CITIBANK of New York, one of the largest banks in the world, is to step up its attack on the UK retail banking market by bringing forward the opening of 41 High Street savings branches by two years to mid-1981.

This will mean that the first half of next year the group will be operating a national network of "Citibank Savings" outlets designed to lure funds away from the big clearing banks and building societies. On some types of current account, the bank is offering 13 per cent interest to customers.

Mr. Philip Haynes, a Citibank vice-president, said yesterday the decision to accelerate branch openings was taken this week after reviewing the results for June and July from the operations of seven trial branches in the Midlands.

Citibank began operating these outlets late in May and opened a London branch in the Strand in June. Mr. Haynes said there were 30,000 savings and loan accounts at the Midland branches. In terms of the number of accounts, customer profiles and value of loans and savings satisfied Citibank of the demand for a national system ahead of schedule.

The original idea was to introduce a few High Street branches in television regions over three years.

Mr. Haynes said converting Citibank Trust finance outlets into retail branches would cost £1m. In some cases new properties would be obtained. The new goal would be to establish a UK national network of 100 Citibank Savings branches by 1983.

This would involve competing for deposit savings funds with the main clearing banks and with building societies. "We would like to establish ourselves alongside the clearing banks with a competitive edge," he said.

He cited as one example the Citibank "Tandem Account," which allows customers 13 per cent interest on a modified current account and lets them borrow up to 30 times the value of their monthly paid subscriptions. In addition, Citibank Savings branches are open from 9 to 5 during the week and until lunchtime or later on Saturday.

Citibank Trust, the finance organisation in the branches not yet converted, deals with HP, personal loans, mortgages and fixed interest deposits. Outstanding lending stands at £185m.

The decision to speed up the Citibank retail network follows the introduction by the four big clearing banks of various savings schemes. Lloyds Bank started the new schemes on Monday and the other three banks are to begin in September.

# Closures will cost 1,200 jobs

Financial Times Reporter

CLOSURES which will mean redundancy for more than 1,200 people were announced yesterday by five Midlands companies and one in South Wales.

William Hollins, the textile manufacturer which last year won a Queen's Award for Exports Achievement, said it would stop production at its plants at Selston, Notts., and Somercotes, Derbyshire, with the loss of 250 jobs.

The company, part of the Carrington Viyella group, employs 3,000 people in the East Midlands. It wants to complete the redundancies before the end of the month.

The National Union of Tailors and Garment Workers said the redundancies were "another nail in the coffin of the textile industry in the East Midlands."

In Nottingham Thorn Electronics said it would close its Colwick plant by November with the loss of 500 jobs. It blamed the decision partly on the low price of colour television sets due to severe competition.

A further 50 Nottingham workers are to lose their jobs at Wrights and Dobson, printer and dyer, which is closing one of its two factories in the city.

In Northampton, D. B. Shoes will make nearly 100 workers redundant at its Bunting Road factory, although it will keep on 28 employees producing sandals. The management blamed falling orders from chain stores and mail order houses.

In Wolverhampton a five-month-old store will close with the loss of 20 jobs. Furniture Factors, based in Sheffield, spent £100,000 opening the premises.

At Margam, Port Talbot, 300 redundancies were announced at a Borg-Warner gearbox manufacturing plant. The company said orders from BL and Volvo had fallen by up to a half of last year's total.

Borg-Warner, which became established in South Wales 12 years ago, employs 1,300 people there. Earlier this year the company announced its decision to close its Letchworth, Hertfordshire plant by November with the loss of 750 jobs.

At the Servis washing machine factory in Wednesbury 800 workers who have been laid off for the past seven weeks were told to stay away for a further fortnight.

Rank Hovis McDougall the foods group, said yesterday that it could not support the continuing losses of its Aberdeen fishmeal plant.

RHM blamed the problems of its subsidiary, Caledonian Fishmeal Company, on the shortage of supplies of its raw materials—offal and the so-called industrial fish unfit for human consumption—which it turns into animal feedstuffs.

# Brokers accuse life insurance offices of rigid attitudes

BY ERIC SHORT

RIGID ATTITUDES in the established life insurance industry over commission and the regulation of intermediaries were attacked yesterday by the British Insurance Brokers' Association.

Mr. John McKirdy, chairman of BIBA's Life and Pensions Committee, said the life companies accepted that business obtained through insurance brokers cost them less than business from direct sales.

Yet this was not being recognised by life companies in the commission paid to brokers. Negotiations with the Life Offices Association had reached stalemate, he said.

The financial pressures on brokers inhibited the development of new business. Life companies were urging brokers to go out and sell more without providing any incentive in the form of extra commission.

Those life companies which were not members of the Life Office Association encouraged brokers to sell more through payment of higher commission without putting up their premium rates.

Mr. McKirdy called on the Government to protect those who took out life assurance by fully providing legislation which regulated the activities of other life salesmen as well as insurance brokers. The present code of selling practice issued by the Life Offices Association, which had been described as "toothless," would not improve the situation.

The Life Offices Association said yesterday that it has noted the views of the Brokers' Association. But life assurance was sold by many types of intermediary and the central problem of any scheme of differential commission was in defining which types would be entitled to qualify, it added.

# BA plans further fare cuts

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS, which earlier this week announced planned cuts in Shuttle fares between London and Scotland, said yesterday it is also seeking cuts in some fares for other Scottish routes, from November 1.

The fares range widely over rates for senior citizens, off-peak fares, stand-by rates and hospital visitors' fares.

Fares for pensioners, which at present are about 70 per cent of normal return rates, will be cut further between November 1 and February 28.

The Aberdeen-Glasgow return fare of £71 will be cut to £32.70; Edinburgh-Kirkwall from £116 to £71.20; Glasgow-Inverness from £71 to £32.70 and Kirkwall-Glasgow from £116 to £71.20.

## Minimum stay

On selected direct flights on some routes between November 1 and March 31, there will be cheap stand-by fares. The single rate between Aberdeen and Kirkwall will be £24.50, between Glasgow and Stornoway £28.50, and between Kirkwall and Sumburgh £15.50.

These fares are designed to fill seats on aircraft that past experience has shown tend not to be occupied. They are part of an effort by British Airways to maximise its revenue in every possible way.

## Dallas flights

● British Caledonian Airways, which already flies regular services to Houston, St. Louis and Atlanta in the U.S., is to start flights to Dallas, Texas, on October 26.

Mr. Adam Thomson, chairman, said yesterday that the flights would be an extension of existing flights to St. Louis four times a week, but using DC-10 wide-bodied jets instead of Boeing 707s as hitherto.

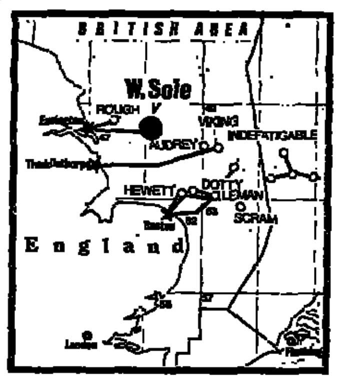
British Caledonian had planned to fly to Dallas from next spring, but had brought the date forward because it has a spare DC-10 jet available from early October.

"At the same time, our research shows that the Dallas market is ready for competitive service and that St. Louis will benefit from wide-body operations," said Mr. Thomson.

In the meantime, British Caledonian, which began flights to Hong Kong on August 1, is pressing for rights to pick up and set down traffic at intermediate points in the Middle East, such as Dubai and Abu Dhabi.

# BP in £100m drive to boost gas

BY RAY DAFTER, ENERGY EDITOR




BRITISH Petroleum is to invest £100m in its West Sole gas field as part of an industry programme costing well over £1bn to increase supplies to British Gas Corporation.

British Gas intends to raise its peak supply capacity from about 9.5bn cubic feet a day this coming winter to about 12bn cu ft by the mid-1980s. BP, like other operators of gas fields in the southern sector of the North Sea, has been asked to instal additional equipment to help boost winter production rates.

The investment in West Sole—the first UK offshore gas field to be discovered—is expected to raise output by about 50m cu ft a day from the present average of 130m cu ft.

The work, due for completion by the winter of 1983/84, will involve the installation of gas recompression equipment, two compressor units at BP's Easington shore terminal and a new 16-inch pipeline between the field and the shore.

West Sole, discovered in 1967, is believed to hold 2.4 trillion (million, million) cu. ft. of gas, of which at east 1.7 trillion should ultimately be recovered. So far about 750bn cu. ft. have been produced.

British Gas has negotiated new supply agreements with a number of North Sea gas producers, among them Conoco and British National Oil Corporation in the Viking field, and the Amoco, Shell and Esso partnerships in the Leman and Indefatigable fields.

Under these deals the companies have undertaken to provide more flexibility in supply arrangements, producing higher volumes during winter months of peak demand and lower amounts during summer months. In return, British Gas has offered higher prices to encourage investment in new equipment.

Although average sales of gas in the UK are running at about 4.5bn cu. ft. a day, well below supply capacity, the corporation is concerned about being able to meet the high consumption levels on the coldest winter days.

Last winter, for example, it estimated that it might have to supply up to 9bn cu. ft. a day. In the event, it was a mild winter and demand rose to only 7.6bn cu. ft.

The corporation is engaged in a major offshore programme of its own which should ease the supply position in the mid-1980s. It is exploiting its important Morecambe gas field in the Irish Sea and turning the Rough field in the North Sea into a unique natural storage vessel.

Gas will be pumped from Rough in the winter while during summer months gas from other fields will be injected into the reservoir for later exploitation.

# Consumer spending drops by 3%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A LARGE fall in wine and spirit sales caused most of a 3 per cent drop in the volume of consumer spending between April and June, compared with the previous three months.

Central Statistical Office figures published yesterday confirm earlier estimates that the volume of consumer spending was £17.48bn in the second quarter (at constant 1975 prices and seasonally adjusted).

This was 3 per cent lower than the total of £18bn in the first quarter, and is about the average level of the second half of last year.

The main influence was the fall in wine and spirit sales after the buying spree ahead of the excise duty increase in the March Budget. The size of the fall has not been quantified.

There was a large drop in spending on motor-vehicles in the quarter. This was 19 per cent down, in volume terms, compared with the previous three months, and a fifth lower than the 1979 average level.

Spending on most other goods and services declined. The drop in spending on clothing and footwear was limited to 2½ per cent, possibly partly because of extensive price-cutting by retailers. Spending on housing, fuel and light dropped by 2 per cent only.

Quarterly spending on durable household goods fluctuates sharply. The April-June volume was just over 4 per cent lower than in the previous three months, and less than 1 per cent below the 1979 average level, though 12 per cent lower than the peak level in the second quarter of last year.

Spending on food did not decline. Spending abroad rose substantially.

# £20.6m pension fund deficit

BY CHRISTINE MOIR

THE Airways Pension Scheme, the 14th largest pension fund i nthe country, has a deficit of £20.6m according to an actuarial valuation carried out last September.

The deficit must be made up by British Airways board, though just how is still being discussed. A decision is likely at the next board meeting in September.

The liability is not giving the trustees of the pension fund cause for concern: in their annual report, published yesterday, they say that they "felt considerable satisfaction that the liability represented only about 1 per cent" of the fund's total assets of £1.96bn.

The deficit came to light because the trustees called for an actuarial valuation three years ahead of the time limit. By law pension funds must be valued every five years but the trustees were worried that the level of inflation might have eroded the base of the last valuation.

Their fears proved well founded though the degree of erosion has not been as severe as it might.

The accounts reveal that the fund achieved a return of 9.04 per cent on assets of about £620m before foreign currency loans of £28m. This represented a growth of just about £100m in the fund's book value in the year to March 31.

In terms of market value there was less growth—from £670m to £751m.

# Construction slump worsens

BY MICHAEL CASSELL

CONSTRUCTION ORDERS continued to decline throughout the second quarter of the year, according to provisional figures yesterday from the Department of the Environment.

The figures confirm the deepening gloom in the construction sector, with less activity in every part of the industry, from civil engineering to housing.

Latest forecasts suggest that total output this year will fall by at least 5 per cent, following the 6 per cent decline last year. There is no suggestion that activity will increase before 1982, and by the end of that year output is likely to be 20 per cent below 1972 levels.

Yesterday's figures show new orders for construction work fell by 9 per cent during the second quarter of the year when compared with the first. Measured at constant (1975) prices they were 20 per cent lower than in the same period of 1979.

The value of new contracts in the public housing sector continued to decline and, over the quarter, was 24 per cent down on the previous three months and slightly over half the value recorded a year earlier. Starts this year could fall as low as 55,000, against 80,000 in 1979.

In the private housing sector, the value of new work placed fell 10 per cent from the previous three months and was 24 per cent down on the second quarter of 1979. Private housing starts this year look unlikely to exceed 100,000, against 140,000 in 1979.

The outlook for contractors outside the housing sector is also bleak. According to the DOE, public works orders received in the second quarter were 2 per cent down on the January-March period and 17 per cent below the same period in 1979.

Orders for private industrial construction work fell by 5 per cent, and by 24 per cent from the previous year, while the value of contracts for private commercial contracts fell by 11 per cent from the first quarter of the year.

They were, however, unchanged from the number received in the same period last year.

As the latest set of depressing statistics was published the National Federation of Building Trades Employers said it had written to Mr. Michael Heseltine, Secretary for the Environment, telling him the recently announced moratorium on defence contracts was already hitting the construction industry.

Mr. Kenneth Cooper, director general of the Federation, said the decision represented the sudden and unprecedented cessation of orders and warned that redundancies were inevitable. He has called for an assurance that the moratorium will be lifted as soon as possible.

● The Builders Merchants Federation said yesterday that sales of building materials in June were 12.7 per cent lower than in June last year—the fourth successive monthly fall.

# NATO arsenal plan rejected

BY ELINOR GOODMAN

THE Ministry of Defence yesterday responded unenthusiastically to the Commons Defence Committee's report on arrangements for storing ammunition for British forces in Germany.

The committee of MPs in its June report, asked the Government to achieve agreement among NATO countries on the minimum level of ammunition supplies needed in Germany.

But in his reply, published yesterday, Mr. Francis Pym, Defence Secretary, said that ultimately it was for individual nations to decide on stock levels. NATO'S role was to issue guidance.

The Ministry agreed with the committee's recommendation that the Ministry test and introduce the most up-to-date security devices on old and new storage sites.

But on the key recommendation that NATO should work towards an agreement on required level of stocks, the Ministry said this was impractical.

The committee had warned that inadequate ammunition supplies for NATO, stored in Germany, could force premature use of tactical nuclear weapons. It was of paramount importance that all Allied forces should plan for, and stock, NATO'S minimum level.

*House of Commons paper 556, session 1979-80, HMSO, £1.10.*

# Book learning that daily unearths the priceless among the pulp

JOURNEY ROUND ENGLAND

By Anthony Moreton

**LUCK is important. The Kirkbys in Lytham had it: their company fulfilled the demands of the 1973 oil crisis.**

**Charles Simmons found himself providing for Scarborough fishermen's needs at just the right moment.**

**Alex Hancox and his Cheltenham bookstore have also been blessed with good fortune.**


Leonard Burt

Alan Hancox, who specialises in first editions but does not scorn paperbacks.

ONE MAN'S misfortune is often another's good luck. Alan Hancox is well aware of this. The fire that burnt Monmouth public library to the ground just after the last war launched him along a new path.

Mr. Hancox is not without knowledge of various jobs. He has had about 17 stabs at things—builder, market gardener, guest-house owner, youth hostel warden, you name it—and at that time he had just opened a bookshop in Cheltenham.

When the library was destroyed he immediately sent it a copy of his new catalogue and the librarian bought two-thirds of his stock to replenish the shelves. With £50—which just shows how costs have changed—both Alan Hancox and Monmouth library were put on their feet.

He is now an antiquarian bookseller, "a very pleasant way of life," he says, and this can be believed as he sits behind his counter talking to customers and listening to Alfred Brendel playing Mozart on his record player.

His pre-eminence in the trade has been acquired slowly over the years. An interest in books arose from long walks he used to take when he was warden of a youth hostel at Cleveley. Those took him to Winchcombe and its bookshop, a bookshop whose contents he was later to buy.

The chance to open a shop came when a friend had some premises on the market. At about the same time he had gone to an auction with the wife of John Moore, a local novellist.

"Between us, we bought just about the lot. There were acres of books, so many I had to hire a pantechnicon to take them away. It was the middle of that ghastly winter, 1947, and I quite surprised myself at the time. I was able to extract several thousand good ones and sell the rest for pulp. Then came the fluke with Monmouth library being burnt. After that I was on my way."

Hancox's premises now face on to Cheltenham's elegant Montpellier Street and are structured rather like a submarine with interlocking compartments. There are about 60,000 books on the shelves and he has more at home.

He has thought about new books, but "to do it properly you have to have a staff. I have dabbled in it. But selling new books is a totally different approach. You have to be efficient and have better premises. Anyway this is the age of the paperback."

Not that he has anything against paperbacks. He sells them. So long as they are second-hand.

But back to the long journey to the present. In the 1950s bookshops went through a terrible period. They were closing everywhere. One by one he bought their stock as they put the shutters up. In the last 10 years the trend has reversed. People are opening bookshops again, so Alan Hancox is selling books back to them.

A lot of that goes on, dealer selling to dealer, bookseller to bookseller. While I was talking to him a bookseller from Truro came in and bought three books on Cornwall.

Alan Hancox is so well known now that he need not go to sales. People come to him with books. "Anyway, the whole saleroom business is becoming increasingly competitive and depressing, as in antiques. There are too many bandwagon boys around. They stand behind you at an auction and offer just that little bit more."

He made errors at first, of course, but soon discovered that first editions were worth a lot more than other books. Now he concentrates on 20th century first editions, private presses and books on art and poetry. He pays particular attention to what he describes as "books other people would not stock."

This brings him into contact with all sorts. Michael Foot walked into his shop after giving a lecture on Hazlitt in Cheltenham and spent the entire lecture fee on five first editions of Byron. John Betjeman once asked for architectural books 18 ins high to fill a gap on his bottom shelves. The young Colin Wilson staggered out with boxes of Wells, Bennett, Shaw and Moore.

"One man came in with two carefully wrapped books. They were the Bible and a Shakespeare. When I asked why he wanted to sell them, he said: 'Well, I've read 'em.'

"And an elderly Scottish lady came in to sell an early copy of Burns. Wrapped in tissue was exactly half the book. When I asked why this was so she assured me that the other half was safely with her sister in Aberdeen."

The range of his business is wide. Old Wisdens, newish books geared to Open University courses, Keats and Edward Thomas. Especially Thomas. Alan Hancox has a feeling for this perhaps neglected poet and author.

So much so that a catalogue which he produced on Thomas in 1972 has become something of a collector's piece in its own right, which must be the ultimate praise than can be paid to a bookseller.

Next Tuesday: Yankees in Andover.

# BR delays start of 160mph train

BY MAURICE SAMUELSON

INTRODUCTION of British Rail's 160 mph Advanced Passenger Train (APT) on the Euston-Glasgow route has been postponed because of cash shortage.

A prototype was to have entered service on October 6. But BR said yesterday that the maiden run would be deferred *to allow more time for proving* trials. It hoped the delay would not be long, but it announced no new date

BR is seeking to cut costs by £60m by the end of 1982. Three weeks ago it announced an indefinite freeze on its allotment to recruit staff. In the first half of this year, BR lost a record £24m, almost two and-a half times the loss for the first half of 1979. That had been the first loss in three years.

The Board says there is no question of abandoning the APT, which will cut the 401 mile journey by 50 minutes to four hours and ten minutes. It may start using one of the three prototypes as a relief passenger train later this year.

Nevertheless, there is some doubt about how soon the Government will approve BR's proposal to start building a fleet of 60 advanced trains at an estimated cost of £150m.

In its proposals, made last month, to the Transport Department BR is believed to have stressed that the advanced trains are needed on the Glasgow-Euston run to replace the present passenger stock which is becoming obsolete. Another *argument is that since the light*-weight advanced trains are electric they will be significantly cheaper to run than diesel-powered locomotives.

The £150m to build the fleet is in addtion to £37m spent so far. This consists of £27m in pre-production costs and another £10m on development, half of which has been borne by the Transport Department.

The APT will replace the high speed train (HST) currently used on the main inter-city routes. But it will have to keep its Euston-Glasgow speed to 125 mph. Though this is faster than the HST on that route, critics have said it is a waste of money.

BR said yesterday that trials during the next few months would enable many inter-city passengers to sample APT travel and to suggest improvements to its design.

# Pop music cassettes seized

A "MASSIVE counterfeiting operation" in pop music cas*settes has been uncovered in a* "*search and seize*" *action code*-named "Radar," it was claimed in the High Court yesterday.

Mr. John Baldwin, for K-Tel International, suing on its own behalf and on that of the British Phonographic Industry, representing the main record producers, told Mr. Justice Dillon that equipment capable of making more than 250,000 counterfeit cassettes of high quality had been seized by BPI investigators acting under a High Court order granted earlier this month.

More than 6,000 counterfeit cassettes had been obtained in *the raids after a tip-off from an informant*, he said.

Nineteen defendants representing manufacturers, wholesalers and retailers of the disputed cassettes agreed to give undertakings to the court not to make, sell or distribute any further counterfeit recordings. The judge agreed to make an order against a twentieth defendant, who was not present or represented in court.

The undertakings and order will remain in effect until the full trial of K-Tel's action for damages.

# Opel orders 2,000 Vauxhall Chevettes

By Kenneth Gooding, Motor Industry Correspondent

**VAUXHALL HAS received from Opel, its sister company in West Germany, an order for 2,000 Chevette cars.**

**The cars, to be sold by Opel dealers in Germany, give dealers another small, fuel-efficient model to market beside the recently-introduced new Kadette.**

**The Chevettes will be delivered towards the end of September.**

**Both Vauxhalls and Opel are owned by General Motors. Last year Opel stopped production of its version of the Chevette, replacing it with GM's front-wheel drive "T" car which continues the Kadette name in Germany.**

**Demand for the new *Kadette is keeping production at full stretch. GM might be able to mop up a little more* of the available market with *the Chevette, to be sold at a lower price.***

**One attraction of the Chevette is that as a rear-wheel drive vehicle it can *employ GM's automatic transmission.***

**Vauxhall said last December that it would stop exporting cars from the UK to its own dealer networks in the 11 main Continental countries. Dealers were told supplies would end in 1981.**

**"To continue to supply *Vauxhall car models to the Continent beyond the next two years will not be commercially justifiable*," the company said.**

**The Chevette is the only car made at Vauxhall's Ellesmere Port plant since production of the 16-year-old Viva was phased out in spring, 1979.**

**Vauxhall is importing its own version of the Opel Kadette and selling it as the Vauxhall Astra. About 5,560 were sold in the UK in the first seven months of this year.**

## William Hall on the Bowater mill closure

# UK newsprint fending for itself

THE UK newsprint industry has long felt a victim of circumstances beyond its control. While almost all big European countries support local newsprint suppliers in one way or another, UK producers have been left to fend for themselves.

A couple of statistics underline the dilemma of the UK industry. UK newsprint prices are about $60 a tonne lower than prices paid by Continental consumers, yet Canadian producers send 400,000 tonnes a year to the UK market—more than twice as much as their exports to the rest of Western Europe.

Quite why the Canadians, and to a lesser extent the Scandinavians, are prepared to accept lower prices in the UK than on the Continent is a matter of some debate but it clearly has something to do with the fact that the British newsprint market—the third largest in the world—is much more open.

The two big newsprint exporters, Canada (6.3m tonnes a year) and Scandinavia (2.1m tonnes), account for 90 per cent of the world's newsprint exports. Canada's Government has long pursued a policy of keeping down the energy costs of its paper industry. They are an important part of the cost of newsprint production. The British Paper and Board Federation has estimated that in Canada they are a third of UK costs.

Scandinavian authorities have also pursued a policy of controlling energy prices to maintain the competitiveness of their paper industries. The Swedish Government, in particular, has propped up paper companies on the verge of bankruptcy. Last year, for example, it invested $250m in Sōdra and NCB, two groups in financial difficulties.

In countries like Sweden and Canada the local paper industries loom so large in the local economy that it is hard to see what else the government could do but assist those companies in need of help.

But in other European countries where newsprint production is nowhere near as important, governments generally, provide much more support for *their local* producers. Only Denmark and Ireland rely entirely on imported newsprint. They consume a mere 220,000 tonnes a year—little more than *the output of Bowater's Elles*mere Port mill.

**EEC NEWSPRINT—1979**

| '000 tonnes | domestic demand | import as a % of total |
|---|---|---|
| UK | 1345 | 77 |
| GERMANY | 1207 | 60 |
| FRANCE | 638 | 52 |
| NETHERLANDS | 434 | 75 |
| ITALY | 274 | 14 |
| BELGIUM | 200 | 65 |
| DENMARK | 170 | 100 |
| EIRE | 53 | 100 |

Source: Canadian Pulp & Paper Association

The most extreme case of government support for a newsprint industry can be found in France. All the newspaper publishers have to buy their newsprint through a quasi-state body known as the Société Professionnelle de Papiers de Presse (SPPP).

The Government gives local producers a 4 per cent subsidy on its newsprint production costs and the SPPP imposes a levy of about 4½ per cent on imported newsprint, so local producers have an effective 8½ per cent subsidy. It is also understood that the French authorities guarantee full usage of the domestic newsprint capacity, of producers such as Beghin-Say and Chapelle-Darblay.

In Belgium, Papeteries de Belgique, the country's only newsprint producer, receives support in the form of a 3½ per cent premium levied on newsprint imports.

In the Netherlands the support is more modest but the Government has provided financial support for Van Gelder Papier, the sole domestic newsprint producer, which has been in serious financial difficulties for some time.

The situation in Italy is less clear because many Italian newsprint consumers own their own newsprint mills. But the fact that Italy imports only 38,000 tonnes a year indicates in the absence of the cost advantages of the Scandinavians and Canadians that it must receive some sort of hidden support.

*The same goes for* Germany, where local producers still meet a sizeable part of domestic demand. Holtzmann and Cie, for example, plans to bring on stream a 180,000-tonne-a-year newsprint mill next year. This sort of investment, costing something like $200m, is unlikely to have been carried out without substantial official help.

# Murray criticises MP over Brixton picket

BY OUR LABOUR EDITOR

MR. STUART HOLLAND, the Left-wing Labour MP for Vauxhall, was criticised yesterday by Mr. Len Murray, the TUC general secretary, for his involvement in the mass picket at the employment office at Brixton, London.

The subject was raised at a meeting of the TUC's employment policy and organisation committee, as the committee decided to seek a meeting with Mr. James Prior, Employment Secretary, to warn that his draft codes of practice on picketing and the closed shop would damage industrial relations.

Mr. Murray said afterwards that Mr. Holland had not consulted the union whose members were involved in the demonstration, the Civil and Public Services Association, before turning up on the picket line.

"He seems to have been in touch with some political elements, according to my information, not with the union involved," Mr. Murray said.

No mention was made yesterday, however, of the other Labour MP who supported the picket, Mr. Reg Race, former head of research for the National Union of Public Employees.

The TUC has not yet taken any decision to withdraw its own voluntary codes of practice which were drawn up at the behest of the last Labour Government, on the understanding that statutory control of trade union behaviour was not the answer.

Mr. Holland yesterday denied allegations by Mr. Prior that he had done his best, either through ignorance or intent, "to mislead and confuse the public about the draft codes of picketing."

Mr. Prior made the allegations in a letter to Mr. Holland after incidents last Wednesday outside the employment office when 200 pickets clashed with police.

Mr. Holland, in his reply to Mr. Prior, said "the police provoked the arrests which occurred since they refused to recognise — despite an announcement made to this effect — a small delegation led by me to ask them to clarify on what grounds they were limiting pickets to six persons."

Meanwhile, 500 police stood by yesterday as striking civil servants staged a mass protest outside the employment office even though the two men whose dismissal led to the dispute had earlier been reinstated.

Mr. Philip Cordell, one of the two men who lost their jobs, claimed the decision to give them their jobs back was a "victory for the strikers of Brixton."

He also claimed it as a victory "for the many trade unionists who have given us their support on the picket line."

But as the 300 demonstrators continued their protest until lunchtime, Mr. Cordell said the dispute was not entirely over. Strings had been attached to the decision to reinstate him and his colleague, Mr. Richard Cleverley, including the loss of pay during the period they were dismissed.

# Pay deal near at Talbot

By Ray Perman, Scottish Correspondent

TALBOT UK seems likely to succeed with its 18-month pay agreement. Yesterday 4,600 workers at the Linwood car plant in Scotland voted overwhelmingly to accept the deal.

So far only one of the French-owned company's plants has rejected the offer, which is lower than the rate of inflation and falls well short of the 20-25 per cent pay claim submitted by unions.

Besides Linwood, 2,000 men at Ryton, Coventry, have voted in favour, as have dayshift workers at the engine plant at Stoke, Coventry.

Stoke night-shift men are the only ones to have voted against. This has meant that Stoke has produced a majority vote against the offer but the workers are apparently ready to abide by the outcome of the company votes as a whole.

Truck workers at the company's Dodge factories in Dunstable and employees at some small Midlands plants have still to consider the deal.

The company has offered skilled workers 12 per cent now and unskilled workers 8 per cent. There would be 7 per cent more from April 1.

Shop stewards at Linwood had recommended that the offer be accepted. Mr. John Carty, works convenor, described the vote as sensible and said it recognised the poor position of the motor industry.

Talbot announced last week that it was putting 11,500 workers on short time because of the drop in car sales.

● The first group of BL Car white collar workers to lose jobs in the current recession will be 300 at the Coventry Jaguar factory. Eventually 4,000 staff employees in BL will become redundant following the mass sackings among production workers.

# Move to expel unions for taking ballot aid fails

BY CHRISTIAN TYLER, LABOUR EDITOR

THE POSSIBILITY of trade unions being expelled from the TUC for taking state money for secret ballots—as provided for in the Employment Act—evaporated yesterday, ensuring that the annual congress in 10 days will show a united front against the new measures.

An amendment for the congress agenda from the Bakers, Food and Allied Workers' Union, urging the expulsion of any union taking advantage of *any section of the Act*, failed when the foundry section of the engineering union withdrew the motion to which the amendment was attached.

The bakers' amendment had threatened to divide the congress over tactics at the very time when union leaders were anxious to secure maximum unity over basic issues.

The engineering section of the AUEW and the electricians' union have said they see nothing wrong in using public funds to offset the costs of expensive postal ballots, which both employ extensively for internal elections.

The congress will have before it a strongly worded motion which will probably be carried unanimously. The composite motion, worked out at a Congress House meeting yesterday, says the TUC should continue its campaign against the new laws, backed with industrial action if necessary.

Earlier this year the general council voted overwhelmingly to advise unions not to accept the ballot money. It will now be for the council, rather than the congress, to decide what to do, if anything if unions ignore that advice.

Meanwhile the other threat of suspension to the same two unions, who are involved in a dispute over the Isle of Grain power station in Kent, also appears to have been safely deferred until after the congress.

The general council yesterday confirmed without debate Monday's decision of its "inner cabinet," the finance and general purposes committee, requiring unions who have refused to heed the TUC's formula for settling a dispute to explain why they cannot do so on September 24.

The issue could still be raised on the floor of the annual congress, but it seems unlikely that any drastic action would result.

# Police pay to go up by 21.3%

By Our Labour Staff

THE POLICE will receive a pay increase of 21.3 per cent from September 1 in line with the formula used for the past two years to calculate increases for this group.

The award, confirmed yesterday, covers about 120,000 police up to the rank of chief superintendent and is the first public-sector settlement in the new wage round. It is based on the Edmund-Davies report, which linked police pay to average earnings rises for the rest of the country's labour force.

The basis is the 21.3 per cent rise in average earnings over the 12 months from May last year. Some police negotiators had expected the June-to-June figures to be used, which would have given rises of 21.7 per cent.

Maintaining the value of police pay was a Conservative Manifesto commitment,

# Warning on NHS pay limits

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS of two key groups in the Health Service —office workers and works supervisors—warned yesterday that industrial action would be discussed next month in the face of the Government's refusal to allow pay increases above the 14 per cent cash limits.

But the Royal College of Nursing said yesterday that its members had voted "overwhelmingly" in support of their leaders' anti-strike policy in a recent secret ballot. This follows the nurses' cash limits settlement earlier this summer.

The National and Local Government Officer's Association said delegates representing 100,000 administrative and clerical workers in the hospital service would consider on September 16 an 11 point plan for action which would include one day strikes.

Action will also be considered at a special meeting of union representatives of hospital area and district works staff and engineers whose work to rule in the autumn of 1978 led to serious disruption of hospitals, because of delays maintaining essential equipment.

The fight against the health service cash limits may also include hospital scientists who meet management later this month to discuss a 13 per cent offer. They say this would break their traditional pay links with civil service scientists. They claim that the relevant civil service grades have recently received increases of between 16.7 and 25.3 per cent in an arbitration award.

Hospital administrators are also insistent on a rise of at least 16.75 per cent because of their own links with civil service pay.

All the groups have remained in deadlock with management over the health service cash limits system since April when they pay settlements for this year became due. The Department of Health has argued that the higher awards to civil servants were tied to a productivity deal involving job losses.

The RCN ballot of its 170,000 nurses produced a 44,835 vote endorsing the union's policy against taking strike action with 5,685 against.

In reply to a further question —"Do you endorse the RCN's policy against taking any other form of industrial action?"— 36,556 nurses said yes and 13,982 said no.

# Harland and Wolff workers stop overtime

SHIPYARD WORKERS at Harland and Wolff banned overtime in a productivity dispute and more than 1,400 walked out yesterday, staging a protest march through Belfast.

The men want pay boosted by higher productivity targets instead of overtime. Mr. Harry Murray, shop steward, said £120,000 weekly was being spent unnecessarily on overtime.

"It's time for the men to sit down with the shipyard bosses and solve the problem of low production," he said. The men were worried that the yard could lose orders if delivery dates are not met. They claim two ferries being built are behind schedule.

Harland and Wolff said the row was over changes in working practices.

# Ban imposed by workers at Herbert plant

By Our Labour Staff

A BAN ON anything leaving the Coventry machine tool factory of Alfred Herbert has been unanimously agreed by the workers there who are facing redundancy.

The State-owned company is the last survivor of eight in the once renowned engineering group, and the latest announced labour streamlining means the loss of 900 jobs.

*It will leave fewer than* 300 highly skilled machine tool workers temporarily at the company which, years ago, employed 10,000 around the world.

Mr. Ron Doughty, factory convenor, said the embargo was to stop any ordered goods or equipment being sold from leaving the plant.

## APPOINTMENTS

# Rolls-Royce Motors divisional chairman

**Mr. A. John Romer** has been appointed chairman of ROLLS-ROYCE MOTORS' specialist and light aircraft engine division. Mr. Romer retains the responsibilities as financial director and controller for Rolls-Royce Motors' car division. **Mr. Peter N. Jones** has been appointed to the Board of Rolls-Royce Motors —car division—as materials director. Mr. Jones was previously manager — financial analysis. His new appointment will include responsibility for all departments within the materials area including purchase department, material control, transport department, technical publications and stores.

★

H. SICHEL AND SONS, wine shipper, has appointed **Mr. Tom S. Brown** and **Mr. David W. Hunter** to the Board.

★

**Mr. R. J. Loveless**, previously vice-president/general manager of Selkirk Metalbestos Europe and managing director of the European subsidiaries of Wallace Murray has been appointed group president of the worldwide heating and ventilating products division and subsidiaries of the WALLACE MURRAY CORPORATION. **Mr. John M. Botton**, previously director of Selkirk Metalbestos, has been appointed vice-president/general manager, Selkirk Metalbestos Europe. **Mr. Christian P. Ellegaard**, previously a director, has been appointed vice-president/general manager of Grada NV.

★

**Mrs. Marian Morgan**, area nursing officer for Powys Health Authority, has been elected president of the ROYAL COLLEGE OF NURSING for the period 1980-82. She takes over from **Miss Elrlys Rees** at the College's annual meeting on October 30. Elected deputy president is **Miss Sheila Quinn**, formerly chairman of the RCN council and regional nursing officer for Wessex.

★

*PROVIDENCE CAPITOL*, a life assurance company, has appointed **Mr. Freddie Burns** as deputy manager, career sales division. He was previously with Abbey Life for 10 years as manager of associate development. Providence Capitol is part of the Gulf and Western Group.

★

**Mr. Peter Bloomfield** has been appointed business development manager at NATIONAL WESTMINSTER BANK'S newly opened business development office in Dusseldorf; previously he was a regional manager for Western Europe, based *in London*.

★

**Mr. Samuel Leckey**, Deputy Assistant Commissioner in the Criminal Investigation Department, Metropolitan Police, New Scotland Yard, has been appointed security consultant to LLOYDS BANK. He succeeds **Mr. H. W. Faber** who retires on September 30. Since January last year Mr. Leckey has been in charge of CID support and commercial branches. His responsibilities included the administrative and operational duties of the Metropolitan and City Police company fraud department, and the investigation of allegations of corruption within the public sector

★

ADEMCO DRIMOUNT, High Wycombe-based manufacturer of materials and systems for dry *mounting, heatsealing* and canvas mounting, has launched a subsidiary marketing company in the U.S.—Ademco Photo/Graphic, Rochester, N.Y. President of the new company is **Mr. Steve Hess**, formerly vice president of Berkeley Marketing.

★

**Mr. James H. Birchfield** has been appointed director of investor relations for HARRIS CORPORATION, U.S. He replaces **Mr. Loren K. Miller**, who retired recently after 32 years with the company.

★

Mr. Jack D. Michaels

***Mr. Jack D. Michaels*** has been appointed senior vice-president and general manager for the INTERNATIONAL HARVESTER agricultural equipment group's Europe, Africa and Middle East operations, from September 1. He will oversee the company's major manufacturing subsidiaries including IH Great Britain, IH France and IH Germany. Mr. Michaels, a former assistant managing director of IHGB, will be based at the IH Europe Paris headquarters.

He succeeds **Mr. Lewis H. Weaks**, who retires on January 1, 1981, after 39 years of company service. Mr. Weaks, a former managing director of the British company, will be until his retirement, assistant to the president of the agricultural equipment group, and will aid in the transition of responsibili-

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# Commodities Marketing

**Butter** **West Country**

My client enjoys a substantial and growing share of the UK butter market. As part of the Company's plan for further growth in this sector, they are now seeking a Product Manager who is capable of handling high volume brands and is totally familiar with commodity markets for dairy products.

Applicants, male or female, should have considerable marketing experience including pricing, positioning, trends and liaison with a sales force. A broad knowledge of the grocery provisions trade is desirable.

An excellent salary is offered together with a company car and a range of fringe benefits which includes assistance with relocation expenses where appropriate.

Please ring Rod Evans.

Harrison Cowley Executive Selection
35 Queen Square, Bristol BS1 4LU. Tel. 0272 213151 (24 hr. answering service).

*This advertisement is featured on page 599013 of Prestel*

# Chief Accountant

**City** **£11,000-£13,000 + excellent benefits**

A major Scandinavian bank, as part of its international development plans, has established a subsidiary in London.

Reporting to the Manager Operations, the successful candidate will have responsibility for setting up and developing the financial and management accounting function and will play a vital management role within the bank.

Candidates, 26-35, must be qualified accountants with banking experience, or accountants who have gained significant audit experience in a banking environment. Fringe benefits are of a high standard and include a low cost mortgage.

For an application form telephone 01-236 3561 (24 hours service) or write to Neville Mills, Executive Selection Division, quoting reference 3557/L.

Peat, Marwick, Mitchell & Co.

Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

*This advertisement is featured on page 599015 of Prestel*

# Finance Manager

**Saudi Arabia c.£17,000 tax free plus benefits**

For Marine Transport International Co. Ltd., who, on behalf of and in conjunction with Saudi Ports Authority, manage and operate the container terminals at the Islamic port of Jeddah. The company has similar activities in India and in the U.A.E.

Reporting to the financial controller for whom he will deputise, the finance manager will be responsible for day to day control of the finance function and will be particularly concerned with the development and implementation of management information and control procedures. He will also be actively involved in the computerisation of financial routines.

Applicants must be qualified accountants, ideally aged 30 to 35. They will have some years experience at senior level of both financial and management accounting including project evaluations and short, medium term budgeting. It is highly desirable that they should have worked in an overseas environment and be familiar with data processing applications.

In addition to the basic salary which is subject to annual review there are generous fringe benefits including free villa with all services, educational allowances, six monthly leave, life assurance and BUPA membership.

For an application form telephone 01-236 3561 (24 hour service) or write to E.W. Cornford, Executive Selection Division, quoting reference J1333/L.

Peat, Marwick, Mitchell & Co.

165 QUEEN VICTORIA STREET, BLACKFRIARS, LONDON EC4V 3PD.

# *PENSIONS*
## *Administration & Benefits*
*City of London*

A household name organisation in the international food processing, distribution and trading sectors, requires a controller of administration & benefits for its group Pensions department.

Controlling a small team the main tasks will be to devise, implement and improve the administrative systems and procedures as well as giving technical advice and guidance on benefits.

The opportunity provides excellent prospects for development and initially the incumbent will report to the Director of Group Pensions.

Candidates, male or female, who are aged 28 or over will have gained experience in self-administered pension administration at supervisory level which will include knowledge of computerised systems. A full understanding of S.F.O., O.P.B., and D.H.S.S. practices is essential. APMI membership would be an advantage.

Commencing salary up to £11,500 p.a. dependent upon qualifications and experience but anyone currently earning less than £9,000 p.a. is most unlikely to possess the appropriate skills. Conditions of employment are in line with large company standards.

Please telephone or write for an application form quoting reference 340 to G.M. Simms.

Alliance Management Consultants Ltd,
Executive Selection Division,
15 Borough High Street, London SE1 9SH.
Tel: 01-403 0894 (24 hours).

*Alliance*

# Finance Controller -Manufacturing

S. Bucks. c£15,000 + car

This is an opportunity to join the U.K. regional headquarters of an international Group which has a varied range of household-name consumer products and a turnover of £250m+. It operates in competitive markets where accurate product costs and strong financial controls are increasingly important. The job carries line responsibility for qualified factory accountants in six locations which have a headcount of well over 2,000. Initially the emphasis will be on developing more meaningful information systems based on local finance functions which are disciplined and business-oriented. This position, reporting to the regional Financial Controller, is, therefore, highly demanding but offers the opportunity to make a real impact on the organisation's future and its importance is reflected in the status and career prospects which attach to it. Applicants (male/female) will be qualified and probably aged early/mid 30's with substantial experience of modern financial controls in a manufacturing environment. Ref. 1524/FT. Apply to R. A. Phillips, ACIS, FCII, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

*Phillips & Carpenter*
Selection Consultants

# *Group Financial Controller*

*circa £17,500 + car*

Associated Coffee Merchants (International) Ltd, a recently formed holding company controlling the activities of a number of long established subsidiaries, wish to appoint a Group Financial Controller. The principal business of the company is international coffee merchanting and futures market trading. The location of the appointment will be at the group's head office in London.

The Group Financial Controller will report to the Managing Director and be responsible for all financial and accounting matters, with special emphasis on improving the quality and timeliness of management information, the preparation of periodic accounts and ensuring that financial resources are properly planned and controlled.

The successful candidate will be a qualified accountant, who can justify appointment to the Board of a subsidiary within a period of 12 months. Age is not a critical factor although it is envisaged that the appointee will offer senior accounting experience, including the implementation of systems. Considerable importance will be placed upon the personal qualities and dedication essential to maintaining and improving financial systems and controls in a flexible fast moving business employing experienced trading management.

The commencing remuneration will be negotiated at around £17,500 p.a plus car and the company would contribute to the cost of removal expenses if the successful candidate had to move home to take up the appointment.

Candidates, male or female, can make application by quoting reference MCS/2096 and requesting a personal history form from Ashley S Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

# Depute Director of Finance

**SALARY — £10,700-£11,800**

**(Inclusive of Local Allowances)**

**Salary Review Pending**

Applications for the above post, which is one of three at depute level, are invited from qualified accountants who have experience at senior management level. Knowledge and experience of local authority finance is also desirable.

From a personal point of view, Shetland offers the perfect alternative to the pressures and congestion of urban life, with a wide range of modern amenities, excellent schooling facilities and great opportunities for outdoor sports.

We offer a very attractive package of conditions, which includes a generous mortgage interest subsidy scheme.

Why not write or phone Chief Executive (Personnel), 42 King Harald St., Lerwick, Shetland—(0595) 2604 for an application form. Completed forms should be returned by 1st September 1980.

SHETLAND ISLANDS COUNCIL

# Hoggett Bowers
*Executive Selection Consultants*

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

## *Financial Accountant*

***Young ACA for Container Leasing Co.***
***Central London, to £10,500+bonus+car***

This is a new position with a major marine cargo company which operates container leasing and other activities through a network of 60 agents around the world. Management control within this industry has its own special problems and challenges and the successful candidate will be responsible for computerised accounting, billing and credit control worldwide. This will involve management of 50 staff through 6 managers. The company is young and energetic and offers excellent prospects and benefits. Applicants will ideally be aged 28-32, qualified CA's with 5 years' (post qualification) commercial experience. Communication skills of the highest order will be necessary for dealing with all levels of personnel, especially those in non-financial areas such as sales/marketing.

N.P.S. Lilley, Ref: 22218/FT. Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, *Sutherland House, 5/6 Argyll Street, W1E 6EZ.*

# GROUP INTERNAL AUDITOR

Birmingham based to £11,500 plus benefits

Our client, a company responsible for a major part of public road passenger transport in England and Wales, seeks to appoint a Group Internal Auditor who will be responsible to the Director of Finance. The job offers challenging work with the need to set up a new internal audit team to meet the needs of the organisation.

He or she will be responsible for the following:

☐ Heading the internal audit function which will carry out internal audits throughout the organisation as well as special assignments from time to time.

☐ Making recommendations for the appointment of staff to meet the requirements of internal audit.

☐ Making recommendations for changes and improvements, identified during audit work, and assisting in these changes.

Extensive travel within England and Wales will be necessary although the successful candidate will be based in Birmingham. There are good promotion prospects and terms and conditions include a generous pension scheme and a four week holiday. Assistance will be given towards relocation expenses where appropriate.

Candidates, qualified accountants aged over thirty with the relevant post qualifying experience, should apply in strict confidence with details of age, current salary and experience to Douglas Mizon at the address below.

E&W Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY.

# Internal Auditor

An Internal Auditor is required for a London based insurance company.

This new appointment will involve branch visits and require audits of Head Office and Branch accounting records, review of Head Office and Branch accounting systems and procedures including the preparation of Head Office and Branch Accounting Manuals. A salary of £12,000 is envisaged plus a car, together with other fringe benefits associated with a well established insurance company.

Please write, with relevant details, to Box No. A.7278, Financial Times, 10 Cannon Street, EC4P 4BY.

# Tax Manager

**City of London** **c.£15,000**

A well known medium sized firm of Chartered Accountants has created a new position for an experienced but not necessarily professionally qualified tax specialist to work closely with the Corporate Tax Partner.

Ideally aged over 30 he or she will have previous Corporation tax experience gained within the profession, and now be seeking greater responsibility for the taxation affairs of the firm's larger corporate clients as well as supervising work within the Taxation Department.

There will be additional involvement in tax problems arising in associated offices as well as the opportunity to undertake special exercises and lecturing.

***Contact John R. Ellis, FCA on 01-405 3499***

**Lloyd Management**
Recruitment Consultants
125 High Holborn London WC1V 6QA 01-405 3499

# Internal Audit Manager

**c.£11,500** **car + mortgage subsidy**

In a major finance operation such as ours in Andover, the development of an effective internal audit activity is vital if a satisfactory basis for accurate information and adequate security for the Company's assets is to be maintained.

We're a fast growing subsidiary of the TSB Central Board and have achieved a remarkable rate of expansion in the field of insurance and unit trust management, both in terms of funds and new business obtained.

We now wish to appoint an Internal Audit Manager to be responsible to the Deputy General Manager for managing a multi-discipline team of seven involved in reviewing and reporting on operational, computing and financial internal controls. This will entail close liaison with the Company's outside auditors and the provision of assistance to line management on matters relating to the maintenance and improvement of controls.

The appointment, which is open to both men and women, calls for a qualified Chartered Accountant, preferably aged 30-45, with sound practical internal auditing experience in a commercial environment.

Salary will be negotiable around £11,500 per annum plus a Company car and a particularly attractive range of benefits including a valuable mortgage subsidy scheme, non-contributory pension, free accident and long term sickness cover, subsidised staff restaurant and social club facilities.

Telephone or write for an application form, quoting Ref IA/IAM/Q to Janet Meadows, Recruitment Manager, TSB Trust Company Limited, PO Box 3, Keens House, Andover, Hants SP10 1PG. Telephone: (0264) 62188 extn 231.

TSB Trust Company Limited
A subsidiary of the TSB Central Board

# ASTLEY & PEARCE STERLING (LIMITED)

are expanding their Commercial Deposits operation and are looking for experienced Dealers.

Salary will be commensurate with ability and the top range of Company benefits will be offered.

Please reply in writing to:
Mr. G. C. M. Barker,
Astley and Pearce (Sterling) Limited,
80 Cannon Street, London EC4N 6LJ

# HARLOW MEYER SAVAGE LTD.

we have an immediate vacancy for an

**Experienced Broker**

to join our Dollar C.D. section

*Write or telephone in confidence to:*

Keith Holdsworth, Harlow Meyer Savage Ltd., Adelaide House, London Bridge, EC4R 9EQ

# Put your Financial Expertise into words

**South Africa** **Rand c. 12000 + Benefits**

Our client, a major Johannesburg based publishing group, is looking for someone with an in-depth understanding of high-level finance to transfer into the world of Financial Journalism.

They believe that the ideal candidate will have demonstrated a professional ability in the fields of accountancy or banking, or as a financial or investment analyst/adviser, or as a stockbroker. They see you as having an interest in industrial relations, as well as a good basic education.

You probably think you already have a feel for words, as well as the type of exceptional personality that can make complex issues sound simple. You're prepared to move into the booming economy of South Africa, and you're certainly prepared to earn your salary.

Promotion prospects are excellent, and full training in journalism will be provided.

Write, with a full c.v. and a single page example of original work on an industrial field to:

ANTHONY NEVILE INTERNATIONAL
The Hague Dubai Singapore Hong Kong Tokyo Los Angeles
Ash House, Churt, Farnham, Surrey GU10 2NU.
Headley Down (0428) 712313/714493

# EXPORT FINANCE OFFICER

**Age: 25-30** **c. £10,000**

Our client, a highly respected American Bank with an established City presence, seeks to appoint a mature ambitious person to the above position. The successful candidate will almost certainly possess a degree in business studies (or an equally relevant body of subjects) and the fact that he/she may well fall into the ever expanding category of 'disillusioned graduate banking trainee' will not deter our client!

In addition to a high level of academic/banking achievement, the successful applicant for this post will be both personable and articulate, with the ability to communicate effectively with both clients and colleagues.
The job itself calls for a broad appreciation of credit documentation and candidates should be able to demonstrate some first-hand experience of export finance procedures within a banking environment.

Salary is negotiable around the figure stated above and the fringe benefits reflect the importance of this appointment.

Please telephone in strict confidence
MARK STEVENS (General Manager)

**BANKING PERSONNEL**
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

# ap Senior Appointments

## FINANCIAL CONTROLLER

**S.W. LONDON** **£10,500 + CAR**

Our clients, a company producing electronic components and systems, offer this demanding position to a young qualified accountant with drive and determination. The appointment will involve the development of the company's accounting systems, reporting to and liaising with the main Board. The first priorities will be improving financial controls and activities, developing existing systems, and undertaking cost effective researches. The prospects offered by this rapidly expanding company will make this position attractive to accountants looking for long-term career development. Ref. 1449.

CONTACT CHRIS DENNINGTON OR GORDON MONTGOMERY ON 588 5105

ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
41 London Wall, London EC2M 5TB. 01-588 5105

# Financial Director

**S.W. of Manchester** **To £12,500 + bonus + car**

Our clients are making this appointment as a result of internal promotion. As an autonomous subsidiary (T/O £7m) of a well-known public engineering group, they manufacture capital goods and operate successfully in a highly competitive industry. This demanding environment requires the Financial Director to be as effective at shopfloor level as in the boardroom. The successful candidate will inherit an efficient accounts department but there will be scope to sustain the momentum of systems development created by the previous Financial Director. Applicants, male/female, must be qualified accountants aged 30-35, preferably with previous experience in the engineering industry. Ref. 1170/FT. Apply to R. P. Carpenter, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

# Group Finance Director

**£16,000 + Bonus, Car, etc.** **West London**

The Sutcliffe Catering Group provides tailor-made catering and related services to over 800 commercial, industrial and public sector clients, through five largely autonomous operating companies, covering the United Kingdom. A period of rapid growth has characterised recent years and turnover in 1979/80 was £55m.

Applications are invited from professionally qualified men and women, aged probably between 35 and 45, who have already achieved significant, influential experience at senior level.

The principal responsibilities centre on the control of the regional companies' financial activities through their Financial Directors, the determination of Group financial policies and plans, direction of the Secretarial function, implementation of the next phase of computer development and providing a personal input into the general management of the business.

Please telephone or write for an application form and further details to:

**Mr. J.D. Stirling Gallacher, Group Managing Director, Sutcliffe Catering Group Limited, 40 The Mall, Ealing W5 3TJ. Telephone 01-579 3261.**

Sutcliffe Catering

# Senior Financial Opportunity
## ABERDEEN

In just three years OMISCO has established an enviable reputation in the provision of specialist offshore maintenance and inspection services to principal operators in the North Sea Oil and Gas Industry. Building on our successful concept-to-completion blend of consultancy and contracting in this field further vigorous growth is sought in an international market currently worth over £600 million p.a. In line with this next phase of development we have created a senior financial post — based at our Headquarters in Aberdeen. The appointment offers exceptional career opportunities to experienced and qualified accountants who seek Board level involvement in a fast moving business.

**FINANCIAL CONTROLLER**
To join the senior management team in Aberdeen and take charge of all financial and management accounting matters in a business presently turning over £6 million. A staff, including a qualified Accountant, support the function and computerisation of the finance systems is being implemented.
Salary will be well into five figures with an above average benefits package. Conditions of employment include a contributory pension scheme, free life assurance and relocation assistance.
Please write with brief details to:
**Mr. J. A. Aldridge,
Manager, Personnel and Industrial Relations,
Omisco Limited, 7 Bon Accord Square,
ABERDEEN AB1 2DJ**

omisco

**STOCKBROKERS**
QUILTER HILTON GOODISON & CO.
require clerk with experience of International Settlement and Accounting. Good salary and fringe benefits.
Telephone 01-600 4177
Staff Department

# INTERNATIONAL COCOA TRADER

**Location Switzerland**

SOPRA S.A., the central purchasing organisation in charge of the procurement of cocoa beans and cocoa products for the European subsidiaries of INTERFOOD S.A. (main brands: SUCHARD and TOBLER), is looking for an experienced cocoa trader to be located in Neuchâtel, Switzerland.

Candidates should have several years of practical experience in commodity physical trading at an international level, preferably in the physical trading of cocoa, together with a good exposure to international currency matters.

Swiss citizens or holders of a valid Swiss work permit, who fulfil the above requirements, are invited to forward their applications, including a detailed personal résumé and salary expectations, to

Mr. M. E. Kremer
Director Personnel & Organisation
INTERFOOD S.A.
Case postale, CH-1001 Lausanne Tel. 021/27 15 61

*All applications will be treated with utmost confidentiality.*

# HAMPTON GOLD MINING AREAS LIMITED

## Company Secretary

**c. £9,000 plus car**

The Company is listed on the United Kingdom and Australian Stock Exchanges and is engaged in North Sea oil exploration, coal mining, engineering and has interest in Australia.

The Company is seeking to expand and develop its activities and reorganisation of the head office staff in London has created a vacancy for a Company Secretary to:

- ★ contribute to the development of the company
- ★ fulfil the statutory requirements of Company Secretary
- ★ draft agreements and circulars
- ★ fulfil Stock Exchange requirements
- ★ be responsible for office administration and related matters

Salary envisaged is around £9,000 per annum, a company car will be provided and employee benefits include pension and life assurance arrangements.

*Applications from male or female candidates, giving career details, should be sent to:*
**The Managing Director
HAMPTON GOLD MINING AREAS LIMITED
1 Vintners' Place, London EC4V 3DP**

# EUROBOND EXECUTIVES

CIBC Ltd., a wholly-owned subsidiary of Canadian Imperial Bank of Commerce is forming a placement group to distribute capital market securities and is seeking two senior specialists:

**Head of Placement**

The successful applicant will manage the placement operation and will have responsibility for direction and profitability of sales, trading and investment management. The applicant will be thoroughly familiar with relative values of high grade Eurobonds and will have spent most of his/her career in marketing or investment management of fixed income securities and money market instruments.

**Chief Dealer**

The successful applicant will be responsible for pricing trades and running a trading book as well as making markets in selected issues. The applicant will have a strong background of securities dealing with not less than two years' experience with a recognised market maker.

Both positions offer attractive remuneration and benefits packages. Reply in confidence to:

J. B. Clark
CIBC LIMITED
55 Bishopsgate, London EC2N 3NN

# UNIT TRUST CLERK

A progressive London firm of Stockbrokers wishes to appoint a person for their Unit Trust Management Department.

The work would include the administration of the funds of Unit Trusts and Pension Funds. Maintaining the records, preparing the accounts and also pricing and distribution of its holdings.

Salary will be negotiated according to age and experience.

**Apply to: Mr. Glyn Davies, Manager
on 01-588 2194**

# MARKETING REPRESENTATIVES

**City**

Interactive Data Corporation, a subsidiary of the Chase Manhattan Bank N.A. wishes to recruit Marketing Representatives to join its Finance team. IDC is opening an additional City office. Having established a major base of services to UK and International financial institutions in London, we plan to meet the growing demand by expanding our marketing team.

Our services encompass the most up-to-date facilities for computer-based analysis and transaction-handling, in the increasingly active area of international investment research and portfolio monitoring. We maintain our own worldwide computer network and extensive financial databases, and our technical consulting resources are highly respected in the City.

To help us capitalise on these assets, the successful candidates will possess the following attributes:

- ★ Extensive experience of the investment market place
- ★ A successful marketing record of at least 3 years
- ★ A sound understanding of computer applications

If these requirements fit in with your own background, and you seek to move to a stimulating, fast-growing, and very highly rewarded environment, please write enclosing a c.v. to:

B. J. Barnett
Director of Services, UK
INTERACTIVE DATA CORPORATION
80 Coleman Street, London EC2R 5BJ

# INTERNATIONAL BOND PORTFOLIO

**THE COMPANY:** A young and growing Knightsbridge-based investment advisory service covering an exceptionally broad range of investment media.

**THE POSITION:** Soon leading to direct responsibility for a large multi-currency bond and money market portfolio, within a team of innovative and internationally orientated investment advisers.

**THE APPLICANT:** Preferably under 30, should be motivated, mathematically minded and show a high degree of personal initiative. Some City and computer programming experience, though desirable, is not essential. The position could be filled by a recent graduate.

Working environment, salary and fringe benefits are unusually attractive.

*Please write in confidence, enclosing a hand-written cover letter to:*
The General Manager
ITIB SERVICES LIMITED
2 Albert Gate, London SW1

**CONFIRMING HOUSE OPPORTUNITY**

ELDERS, experienced and successful large international traders, offer an opportunity in their London office for a senior experienced officer aged up to mid-30's who preferably has been working in a confirming house business and with a proven track record. The successful applicant will be mainly working for our wholly-owned subsidiary Elders Finance and Investment Company, a well known merchant bank in Australia. In the context of our UK operations, we are primarily interested in developing to confirm purchases of overseas buyers of UK exports to any country and UK buyers of Australian exports. We require an officer to take charge and build up such an operation in Britain who would ideally have had at least five years' senior experience in a similar position. Our group runs a successful international trading and merchant banking operation in Australia mainly with regard to trade emanating from that country Britain, the Continent of Europe, to the countries bordering the Pacific and Indian Oceans, and in association with our offices in the Far East and Middle East. We seek a younger person capable of assisting us build on this trade at this end. Salary and terms negotiable. Apply in the first case in strict confidence to: Colin H. Price, London Manager, Elder Smith Goldsbrough Mort Limited, 3 St. Helen's Place, Bishopsgate, London EC3A 6AX. Tel: (01) 588-5201. After hours: Esher (78) 62438.

# Financial Controller

**Middlesex** **£9,500 Neg. + Car**

As a rapidly expanding fashion company, we require a qualified Accountant with sound commercial background to develop our accounts department and to control existing systems.

The appointment is demanding but interesting and success will be dependent on personal characteristics of a high work rate, initiative and personal involvement.

The successful applicant should ideally be over 35 and will report directly to the Managing Director who will be looking for directorship qualities.

*For further details, please apply in writing, enclosing c.v., to:*
Miss S. Crabtree
BOBOS (UK) LTD.
337 Athlon Road, Alperton, Middx.

# A CAREER IN STOCKBROKING

We are a major firm of London brokers active in international markets and we wish to recruit several persons aged between 18 and 23 to train as Dealers. Applicants, who may already have had some City experience, should have a minimum of five 'O' levels including English and maths and a knowledge of French or German would be an advantage.

Commencing salaries will be according to age and experience but the level of remuneration will quickly reflect individual initiative and effort.

We have a non-contributory pension and life assurance scheme and season ticket loan facilities.

*Please write, giving age, educational qualifications and details of experience, to Box A.7279, Financial Times, 10 Cannon Street, EC4P 4BY.*

# FOREIGN EXCHANGE DEALER

Leading American Bank requires dealers with two to three years' dealing experience for its London office which is actively engaged in international markets.

Salary negotiable and competitive and the total benefits package is attractive.

*Reply to Box A.7261, Financial Times, 10 Cannon Street, EC4P 4BY.*

**MARKETING/TRADING EXECUTIVE**
to £ Five Figs plus Benefits!

Our City based client, part of a large and highly successful International Metals and Chemicals trading group, is offering a substantial remuneration package together with outstanding career prospects for a Tech. Marketing Executive. If you are 25-35, Educ. to degree level in Chemistry or Metallurgy, with at least 3 yrs. exp. in mineral extraction or processing, call immediately

01-637 0781
ATA SELECTION
& Management Services Ltd.
309 Gt. Portland Street, W1

# HENDERSON ADMINISTRATION LIMITED

Seek a lively investment dealing clerk. Experience of overseas security instructions and/or multi-currency bookkeeping an advantage. This is an interesting and responsible position and will appeal to those who enjoy liaising at all levels. Attractive salary, bonus and other benefits.

Contact: Brian Ellis
11 Austin Friars, EC2. 01-588 3622

**STOCKBROKING**

| | |
|---|---|
| Jobbers Ledgers | £5,250-£8,000 |
| Registered Transfers | £6,000-£6,500 |
| Valuations | £5,000+ |
| Dividends | £6,000 |
| Australian Settlements | £8,000 |
| Bearer Dividends | £6,000+ |
| Rights & Allotment Letters | £6,000+ |
| Bought & Sold Transfers | £5,500 |
| Gilt Edged Settlements | £6,000 |
| List Books | £6,000 |
| Stats Dept. age 18, will train | £4,250+ |

*For details of these and many other opportunities ask*
Della Franklin 01-248 6071
ALANGATE STAFF CONSULTANTS

**STOCKJOBBERS**
require experienced
SETTLEMENT CLERK
in Australian securities.
Salary negotiable plus LVs, plus bonus and season ticket.
Ring Mr. Pugh 01-623 8133

**Stockbrokers**
*require senior*
**Sold Transfer Clerk**
Minimum 10 years' experience, excellent salary + bonus, pension scheme, season ticket loan, etc.
Ring Admin Partner 01-588 2311

# COMPANY NOTICES

**OLYMPUS OPTICAL COMPANY, LTD.**
(OLYMPUS KOGAKU KOGYO KABUSHIKI KAISHA)

S. G. WARBURG & CO. LTD., as Depositary, announce that a dividend of Yen 4.50 per Common Share of Yen 50 has been paid to shareholders on the books of the above Company as at 30th April, 1980, in respect of the six months period ended on that date. As a result the Depositary Shares are entitled to a dividend of Yen 90 which converted at the Exchange Rate ruling on 12th August, 1980, of Yen 226.70 = U.S.$1.00—produces U.S.$0.397000 per Depositary Share.

After adding the fractional amount brought forward from the last dividend, in accordance with paragraph 12 of the Bearer Depositary Receipt, coupons will be paid at the following rates per Depositary Share—

Under deduction of 15% Japanese Withholding Tax = U.S.$0.34
Under deduction of 20% Japanese Withholding Tax = U.S.$0.32

A fractional amount of U.S.$0.003897 per Depositary Share is withheld and will be added to the next dividend when paid.

Holders of Bearer Depositary Receipts may present for payment Coupon No. 29 which becomes payable on 21st August, 1980, to S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London EC2P 2DL or at the offices of any of the undermentioned Sub-Depositaries subject to deduction of Japanese Withholding Tax and Income Tax (if any) at the appropriate rates. Details of tax deductions may be obtained from the Depositary or Sub-Depositary.

SUB-DEPOSITARIES

| Name | Address |
|---|---|
| The Bank of Tokyo, Ltd., | Brussels, Belgium |
| The Bank of Tokyo, Ltd., | Paris, France |
| The Bank of Tokyo, Ltd., | Dusseldorf, Germany |
| The Bank of Tokyo Trust Company, | New York, U.S.A. |
| Algemene Bank Nederland N.V., | Amsterdam, Netherlands |
| Banque Generale du Luxembourg S.A., | Luxembourg |

30, Gresham Street,
London EC2P 2EB.
21st August, 1980

S. G. WARBURG & CO. LTD.
as Depositary

**O. K. BAZAARS (1929) LIMITED**
(Incorporated in the Republic of South Africa)
NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the undermentioned half-yearly dividends have today been declared payable on the 30th September, 1980, in the currency of the Republic of South Africa, to all holders of the respective classes of shares registered in the books of the Company at the close of business on the 5th September, 1980.

6% First Cumulative Preference Shares. Dividend No. 92 — 3%
5% Third Cumulative Preference Shares. Dividend No. 74 — 2½%

The usual non-resident shareholders' tax of 15% will be deducted where applicable.

The registers of members will be closed in Johannesburg and London from the 6th to 14th September, 1980, both days inclusive, for the purpose of the payment of the above dividends.

By Order of the Board
J. B. PARNALL, Secretary

Registered Office:
O.K. Building,
80 Eloff Street,
Johannesburg, 2001.
18th August, 1980.

London Registrars:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL

**L'AIR LIQUIDE**
Public Limited Company for the Study and Exploitation of the Georges Claude Processes
Capital: Frs. 1.027.567.030
Registered Office:
75 Quai d'Orsay, Paris 75007
R.C. PARIS B 552 096 281

INTERNATIONAL BOND ISSUE
8¼% 1971-1981
of French Francs 50.000.000

We inform the bondholders that the company has purchased on the market 1.848 bonds out of the 3.950 bonds (totalling a nominal value of French francs 19.750.000) due for amortisation on the 15th October 1980.

Consequently, a drawing was made on Monday 11th August 1980, in respect of the remaining 2.102 bonds of French francs 5.000 due for amortisation.

The numbers of the bonds drawn on this occasion fall within the following group of numbers:—

9616 to 11896

The other numbers in this group are those of bonds that have been purchased on the market.

The drawn bonds — coupon no. 10 (15/10/1981) attached—will be redeemed at par from the 15th October 1980 onwards. The bonds should be presented to any of the undermentioned Paying Agents, who will effect payment free of charge:—

CREDIT COMMERCIAL DE FRANCE, Paris
BANQUE DE L'INDOCHINE ET DE SUEZ, Paris
BANQUE VERNES ET COMMERCIALE DE PARIS, Paris
BANQUE BRUXELLES LAMBERT S.A., Brussels
KREDIETBANK N.V., Brussels
NEDERLANDSCHE MIDDENSTANDSBANK, Amsterdam
CREDIT COMMERCIAL DE FRANCE, Milan
BANCA NAZIONALE DEL LAVORO, Rome
KREDIETBANK S.A. LUXEMBOURGEOISE, Luxembourg
WESTDEUTSCHE LANDESBANK GIROZENTRALE, Dusseldorf
SOCIETE DE BANQUE SUISSE, Basle.

Amount of bonds remaining in circulation after the amortisation of the 15th October 1980, French francs 19.750.000.

CREDIT COMMERCIAL DE FRANCE, Paris.
Financial Agent to the Company.

**FLEMING JAPAN FUND S.A.**
Societe Anonyme
Head Office
Luxembourg, 37, Rue Notre-Dame
Trade Register:
Luxembourg n b 8.392

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the company will be held at the offices of Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg, on September 4th, 1980 at 3.00 p.m.

AGENDA

—to transfer from profits carried forward to extraordinary reserve such an amount as is necessary to increase the total of capital and extraordinary reserve to the equivalent of Flux. one billion minimum.

A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the company.

In order to take part at the meeting of September 4th, 1980, the owners of bearer shares will have to deposit their share certificates five clear days before the meeting at the registered office of the fund or at a bank.

FLEMING JAPAN FUND
The Secretary.

**THE COLNE VALLEY WATER COMPANY**

NOTICE IS HEREBY GIVEN that the Transfer Books of Ordinary and Preference Stocks will be closed for one day only on 2nd September, 1980 for the preparation of the Dividend Warrants payable on 1st October, 1980.

Dated this twenty-first day of August, 1980.

W. A. COSGROVE
Secretary

Blackwell House,
Aldenham Road,
Watford, WD2 2EY.

# THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Its eye on growth, Seagram is waxing lyrical about a new wine aperitif

## Crocodillo—why Seagram got snappy

SEAGRAM, the world's largest drinks group, can afford a grand gesture. It can also afford to talk big, given the scale of its recent sale, for \$2.3bn, of the bulk of its U.S. oil and gas interests to the Sun Company of Pennsylvania in what was one of the largest deals ever.

In its mood of euphoria — third-quarter earnings to April 30, which include none of the money from Sun, surged to \$48.6m — it can also be forgiven for waxing lyrical. Hence the hype behind today's launch in Britain of Crocodillo, an occasion brazenly described by Seagram as "the single most important event in the UK wines and spirits market in the last decade."

Crocodillo is a sparkling aperitif made from German and Italian wines aimed specifically at 18-to-24-year-old girls, the trend setters of the drinks market (I'm quoting Seagram) who reputedly account for no less than £1.25bn worth of alcoholic drink a year.

On the face of it, a new wine aperitif sounds very jaded. Crocodillo's significance lies in the omph with which Seagram is investing it, and in the fact that Seagram is using it as a weapon with which to batter Babycham, now nearly 30 years old as a national brand but still the toast of Showerings, the Allied Breweries subsidiary.

Stuart Kershaw, the Seagram MD in Britain, says Seagram spent a year developing Crocodillo. The drink performed with marked success in test market in Anglia, and although a "fun brand," is one that could make significant profits.

In presentations to the trade, Seagram has claimed that 8m youngsters in the 18-24-year group spend more money on drink than any other age group. The trend setters are the girls, who when asked to name their tipple, plump for lager, vermouth, Campari, Pernod, Babycham, wine or vodka.

Iggy Crocodillo (centre) shares a birthday toast with friends. He's only part of the very expensive hype behind a new Seagram launch.

But these drinks are old, says Seagram. In addition, lager is "gassy," vermouth for the "oldies" (the plus-25s), Campari "smart but bitter." Pernod "too strong," and Babycham for mother.

So bring on Crocodillo, which has been expensively developed, thoroughly researched and successfully test-marketed, claims Seagram. In East Anglia, it was tested in 3,000 pubs and 1,000 off-licences, supported by a £180,000 TV, cinema and radio campaign by Abbott Mead.

Seagram claims that in the latest test week, starting July 28, research shows that Crocodillo took 55 per cent of sterling sales against 45 per cent for Babycham in outlets where both products were stocked, these outlets accounting for 35 per cent of the total.

Seagram knows it should not crow about test market results, but happily observes that Crocodillo was sold in East Anglian off-licences at around 34p a bottle against Babycham's 24p, and at 49p in pubs against Babycham's 38p.

Seagram also claims that a Crocodillo taste-alike from Showerings called Green Dragon that was rushed into East Anglia to queer Crocodillo's pitch, "failed to show up at all" in Seagram's research figures.

Green Dragon, claims Seagram, was test-sold in Babycham bottles with "hurriedly slapped-on labels," though such is the forecast demand for the Seagram product that Kershaw expects Showerings to cannibalise Babycham into Green Dragon.

The point is this: for all its alleged dowdiness, Babycham is reckoned by Seagram to be selling at the equivalent annual rate of a little under 2m standard nine-litre cases.

Whether or not Seagram's figurework is right, Showerings maintains that Crocodillo will not achieve the sales Seagram hopes. Marketing director David Gilchrist says that Showerings' own research indicates that after Crocodillo's good initial take-off, there was a fifth-week peak, after which there was "significant and continuous" decline.

Crocodillo, claims Showerings, is not hurting Babycham, whereas Green Dragon, it says, is a genuinely comparable product whose quality, pack and price have enabled distribution to be extended.

Seagram will not repent. Crocodillo comes in ten-cl. bottles, and is both weak (nine degrees of alcohol by volume) and vaguely palatable. As sales are extended into the London, Southern, Midland, Westward and Harlech TV areas this autumn, there will be a great deal of noise, not least a £1m advertising campaign and a promotional blitz on discos.

There will be the inevitable stickers and samples. But in addition, Seagram has not only found a ten-year-old alligator that will actually quaff Crocodillo, but has paid a member of the Royal Ballet to produce a Crocodillo Dance.

According to Kershaw: "Our approach is spoofed-up, over-the-top, and Italianate, and we think it will work. It is time for a new drinks product. Sales are difficult to forecast, but should be highly profitable, which is why Showerings has always been so protective of the baby-bottle sector."

Apart from its Scotches (Pipers, Chivas Regal and Glen Grant Single Malt) Seagram UK also has Captain Morgan, the brand leader in dark rum, and White Satin, said to be the second best-selling gin. It is making fast headway with its Paul Masson Californian wines, and is keen to develop other proprietary wine brands. Its all-brand volume in the year to July 31 was 40,000 cases up.

And Crocodillo? It is very Luton Airport, but that is no bad thing.

## Never mind the ratings, what about the show?

'THE BIG PUSH' is how ITV has dubbed the effort it is throwing behind its autumn programme schedules—a suitably warlike phrase, given the shelling it got from the BBC this spring, and Auntie's blockade of the audience ratings.

But enough's enough. ITV has learnt from its mistakes, and at a breakfast presentation in London yesterday—a conventional English breakfast: no humble pie—Ron Miller, sales director of London Weekend Television, made conciliatory noises about the ratings slide, and followed with a civilised pitch for the autumn schedules —"by far the most expensive package ever put out by ITV."

The jolly Miller is also chairman of the Independent Television Companies Association's marketing committee, a hitherto shadowy ensemble that took a great deal of stick from advertisers last autumn for ITV's failure to bounce back from its strike with the energy demanded.

Sensibly, the ITCA is now communicating more successfully with the outside world, and for the first time the marketing committee has a firm promotional budget.

There were solid reasons for the slide in the ratings, claimed Miller: because of the strike, strong production material was blocked in the pipeline, and loyal ITV viewers had made the forced acquaintance of "alternative channels."

As for ITV's autumn programmes, some look all right. But a new Eric Sykes show has an unfortunate title. It is called Rhubarb, Rhubarb.

### Etcetera

### Not afraid to be counted

For a small (i.e., £7m) agency, Pincus Vidler Arthur FitzGerald has most of the right ideas. This week it issued what was effectively an interim statement, indicating that in the first six months of its current financial year, it exceeded all objectives. Billings were £3.45m, and the pre-tax trading profit in excess of £100,000.

This is a commendably frank approach, given that PVAF is a private company. But a clue lies in the fact that the interim statement is surmounted by the familiar visage of Graham Dowson, who includes the PVAF chairmanship among a still-broad portfolio of business interests.

Dowson, it will be recalled, was formerly chief executive of the Rank Organisation. But his connections with the media, and thus with advertising, are of very long standing. He was a director of Southern TV for 18 years, and a director of A. C. Neilsen for five. (In his earliest days, in the U.S., he was both a newscaster and disc jockey.)

He has been chairman of PVAF for about 18 months, works there two to three days a week, and owns 10 per cent of the shares, an option he took up after six months.

"He is not a front man," says managing director George Pincus. "He plays a very active role in looking at the work we produce."

And the interim figures? Says Pincus: "We're very straightforward about what we do. Given the number of agencies that have gone or are going out of business, we believe we should stand up and talk about ourselves. The figures aren't secret. We're not ashamed to say that we're doing well."

Graham Dowson, chairman of Pincus Vidler Arthur FitzGerald

Its biggest accounts include Fiat retail support, Seajet and Tonka. In recent times it has won the Dunlop Sports business, Montedison, Totem (the Fiat energy subsidiary), Tinkerbell children's toiletries, Ricoh quartz watches and Ventana Villas. Its most grandly-named win is Eminent Electronic Organs, but it is also pitching for the £1m Philips audio account.

### Now! you see it, now you...

Change your agency and change your luck, is the motto of some marketing directors. That is not how Derek Rogers, marketing director of Sir James Goldsmith's Cavenham Communications, views the decision to switch the advertising of Now! magazine from Dorland to TBWA. But with Now's circulation still a long way below the grandiose launch target of 250,000, every little helps.

"It's no use crying over spilt milk," says Cavenham. "In any case, circulation is holding steady." But how about ad bookings? "It's a very difficult time for advertising per se." And the cover price, at present 50p? "No decision has been made, but it is under urgent review."

Dorland doesn't sound cowed by the loss of the account. After all, it had the launch gravy. (Cavenham spent a MEAL-type £1.45m in the year to June 30). In any case, says the agency's Tony Bagnall Smith, fickle Fleet Street (if not City Road) changes agencies frequently.

Dorland has also lost Dubonnet, worth a very round "£1m" and siphoned off to Royds—Dubonnet is to have a "new start," says Pernod Ricard enigmatically.

But weren't these losses two too much? "Not if you budget realistically," says Bagnall Smith smoothly. Dorland's billings last year were £26m. "For 1980, we're looking at well over £40m—if the economy doesn't blow up."

### Trolley-volley

What do Trolley-Ads do at the end of their test flight? They roll out nationally. Trolley-Ads are ads on wheels. At present they be-flag 45,000 supermarket trolleys in the Yorkshire area, but the experiment, mainly funded by the Leeds-based Graham Poulter, is to be extended. Tomorrow, Visual Motivation is offering suitable refreshment in London's Jermyn Street to those who simply must hear the first Trolley-volley of facts and research. What very good luck that I shall be in York.

## The double trouble Talbot faces

TRANSFERENCE of the Talbot advertising account to D'Arcy-MacManus and Masius, announced late last week, represents not only a major account change—it is worth £5m to £6m —but one of the swiftest seen.

The four competing agencies had just four weeks to address the problem and make their pitch — a comparative sliver of time when set against the profound marketing problems facing Talbot UK.

Not that it was easy to get through to Talbot this week. Chairman and managing director George Turnbull was abroad, while in his absence, Filmer Paradise, the deputy MD, and marketing director Mike Rowe were keeping their heads well below the parapet.

Talbot's problems extend well beyond current cyclical downturn in demand, which is generating yet again the question of whether the British car industry as a whole is gripped by death throes.

In Talbot's case — it is suffering reduced market share and has anounced further short-time working — its biggest specific problem can be traced directly to the name change from Chrysler, which left considerable doubt in the mind of the car-buying public.

Not that Talbot isn't trying. Its models are not unappreciated. And Turnbull, emphasising that Talbot is a "British" company, has said that Talbot employs 20,000, directly affects the jobs of a further 100,000, spends in excess of £400m with UK components suppliers, and is "an essential part of the industrial future" of Britain.

But Talbot's hope of breaking even this year after losses of £40m in 1979 may prove unrealistic. As already partially revealed, Talbot has virtually no consumer image. It does not have a poor image: it has virtually none at all.

It is its ambition to be seen as dynamic, youthful and sporty, but the challenge facing Talbot and its agency is how to build a personality for the company and its cars while at the same time combatting cynicism over the name change from Chrysler, which if it thought about in the showrooms at all, is thought to have been a "financial operation," and thus to be distrusted.

# Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● RESEARCH

## Detects and counts bacteria optically

NEW HOPES for cheap and rapid mass screening for bacterial infections have been raised as a result of an unusual collaboration between a British university and a Danish instrument manufacturer.

The result of their joint efforts is an automatic machine based on fluorescence microscopy which can not only detect the presence of bacteria in a sample, but give an immediate estimate of their numbers.

The machine was devised by a research group at the University of Strathclyde; the optics and electronics necessary to make the machine work were provided by Fosse Electric, a Danish firm with an interest in cell counting machinery.

The financial troubles experienced by Ferranti some years ago forced it out of the project and made Strathclyde look abroad for a suitable partner.

The research was funded by Scottish Technical Developments (STD), a wholly owned subsidiary of the investment management group Murray Johnstone of Glasgow.

The funds given by STD were provided by five of the investment trusts managed by Murray Johnstone. To date £100,000 has been invested by STD which it will recoup (and profit from) as royalties paid to STD on sales of the machine over a 20-year period.

The system involves a method of staining bacteria in a sample with a dye which causes them to fluoresce. The fluorescence emitted by the individual bacteria can be picked up and counted by the optical and electronic systems in the machine, making possible a very rapid estimate of bacterial concentration.

According to Ross Peters of Murray Johnstone the market potential of the new machine should be "enormous." He pointed out that present techniques generally taking samples and incubating the bacteria for 36 hours before reliable measurements could be made, a substantial cost in terms of labour for medical technicians and delay for the patient.

Clinical trials are being carried out on urine samples provided by some 3,000 schoolchildren in Cumbernauld by Dr. John Scholefield of the Rapid Methods Unit at Strathclyde University. At the half-way mark, the results using the new machine seem very comparable with those obtained using the old, cumbersome methods. For more information ring Dr. Scholefield on 041 552 2011.

## Solar power project

THE EEC COMMISSION, in co-operation with national authorities, utilities, industry and other institutions, will set up more than a dozen solar electricity generators of the photovoltaic type in the power range from 30 to 300 kW.

The project will operate on a cost-sharing basis and emphasis will be put on innovative technological development.

All plants together will have a global power capacity of about 1 MW and will be completed by mid-1983, intending eventually to prove the concept of electric power production from solar energy in Europe.

Solar power plants are to be selected from more than 30 proposals which have been received by the EEC Commission during the month of May.

The proposals were submitted by numerous European consortia in reply to a call for tenders.

The response from European industry is stated to have been unexpectedly large, and to demonstrate its increasing involvement in the "solar cell business."

## Telescopes approved

THE DEPARTMENT of Education and Science has formally approved a Science Research Council proposal to construct two new telescopes at La Palma in the Canary Islands.

The two telescopes (a radio telescope of 15 metre diameter to work down to wavelengths of less than 1 mm, and a 4.2 metre optical telescope) will complete the planned group of UK telescopes at the Roque de los Muchacos Observatory.

An international venture, already involving Spain, Denmark and Sweden, the Observatory is expected to gain the involvement of at least one other European country in the next few months.

Work on the two units is expected to take about five years before they can be commissioned at a capital cost expected to be just over £15m.

More from SRC Central Office, North Star Avenue, PO Box 18, Swindon (0793 26222).

● HANDLING

## Keeps hands off the bread

BAKERY or confectionery products no longer have to be removed manually from tunnel ovens since the introduction of a fully automatic unloading device from Kerry Handling, Kerry House, High Street, East Grinstead, Sussex (0342 24236).

This is an electro-mechanical unit with a series of steel rollers driven by motors which operate on a signal from a photo-electric cell that indicates when a group of products emerge from the discharge area.

Tins or trays containing the goods are withdrawn from the oven and transferred in either a straight line, or at right angles, directly to a conveyor that transports them to a spiral cooler.

● MATERIALS

## Clings to the load

BECAUSE A minimum of a new cling film is required to secure a pallet, its use offers considerable cost advantages, says Thomas Boag and Co., 5, East Blackhall Street, Greenock (0475 20525).

This low-density polythene film has a cling surface on one side and a high degree of elasticity with high tensile strength. The cling property surface is said to make damage less likely and torn or ripped film holds tightly rather than springing off as is the case with standard stretch film, says the company.

And because of the one-side only cling, this prevents loads sticking together in storage or in transit.

The new film is said to be unaffected by cold store temperatures and can be used directly in contact with foodstuffs.

● SAFETY & SECURITY

## Constant watch on buildings

For an initial fee of around £500, a company can take advantage of a new plant monitoring service launched by Air Call, the communications company, and Wellwright, specialist in monitoring instruments.

The cost includes £350 for the Wellwright designed and built central monitoring system and a monitoring charge of £150 a year. The service, a joint marketing agreement between the two companies, aims to provide round the clock monitoring to companies which need to keep a sharp—if remote—watch on their buildings or machinery.

The two firms already collaborate on a system installed at Buxted poultry farms throughout southern England. Devices monitoring temperature, drinking water, feed, power failure at the mains and the presence of intruders are connected to the central monitoring system and to a read out in the Air Call control centres in Norwich, Southampton and at Air Call's headquarters near Luton

The read out in the Air Call has to be monitored by the Air Call staff—bleeping devices can be used to give added urgency —who then pass on the "alert" message by telephone, radio telephone, or paging service.

Colin Roberts, special projects manager for Air Call, pointed to the staff good will that could be generated with the new flexibility: "If a company has engineers on a call-out rota, instead of having to sit at home by the telephone, they can have a paging unit allowing them to leave the house yet still be on call."

Air Call is on 0525 375888.

## Less risk when cleaning ships' tanks

WHEN SHIPS are in port discharging cargo, victualling, and changing crews, time is at a premium, says Tofte and Jorgensen UK, 64a High Street, Thornton Heath, Surrey.

So, the automation of a cleaning process to comply with IMCO regulations concerning crude oil washing has a number of advantages, not least of which is minimising the possibility of human error caused by fatigue.

Danish maker of such tank cleaning machines called on its English subsidiary, Tofte and Jorgensen, to manage the research and development of its fully automatic control system known as Auto-COW.

This has been designed to maximise on safety at sea, and save time and labour when ships are discharging cargoes. It consists of a microprocessor housed in a console which also incorporates a VDU, push-button control panel, keyboard, paper printout head to provide a permanent record of that part of the process required by international agreements, cassette unit which records every detail from start to finish, and a mimic display of the COW system to give a visual picture of the entire programme.

Included in the hardware facilities is the ability to monitor the COW system to varying degrees of automated control, monitor the pressure and condition of inert gas being pumped into the tanks as the oil is discharged, monitor the trim of the ship, the ability to open and close valves hydraulically to a pre-determined programme but also, via the keyboard, providing the capability of over-riding the programme, thus giving total flexibility.

Other functions cover the means to indicate visually the condition in any tank, play back the cassette on the VDU or on the printout by switching to the printing head, capability of linkage to other control and monitoring systems such as cargo pumps, ballast systems and stress indicators, provision of failsafe mechanism to give warnings prior to alarm, and final shutdown in case of emergency.

## Safe in hazardous areas

SAFE AND efficient cleaning operations can be effected in industrial situations where flammable or toxic risks are involved because the system generator of an ultrasonic cleaning system can be remotely sited from the work zone, says Hilbre Ultrasonics, Unit 5, Carr Lane Trading Estate, Hoylake, Wirral, Merseyside (051-632 5641).

The cleaning tank and ultrasonic transducers may be installed in a fume cupboard, incorporated in a finishing line, or supplied as free-standing equipment.

System generator and controls are housed in a compact casing which can be remotely positioned to ensure safe control of cleaning activities and the generator unit is designed for low-noise operation. It may be supplied for use with either 110 volt or 220/240 volt electrical supplies.

● METALWORKING

## Prepares pipes for welds

PREPARATION time of mild steel pipes for subsequent welding is reported to have been significantly reduced in the pipe shop at British Celanese, Derby, following the introduction of a C. S. Milne VIC pipe profile cutter. This machine automatically cuts and chamfers in one operation, leaving the pipes ready for welding with no further preparation.

The machine is stated to be easy to set up and is capable of cutting and chamfering saddle-shaped ends on pipes, cutting and chamfering holes in pipes, cutting and chamfering pipes to produce mitre bends and cutting and chamfering pipes at right angles for flanging.

All these operations are carried out with cutting speeds of between 40 ft and 60 ft per hour. The accuracy of cut is said to eliminate the necessity of grinding to shape and no templates are required during the operation.

C. S. Milne which is a Hanson Trust Company, is located at Peckleton Common, Earl Shilton, Leicester.

● INSTRUMENTS

## Data from a rotating shaft

QUANTITIES SUCH as strain, force, torque and temperature can be transmitted from a rotating shaft using units made by Hottinger Baldwin Messtechnik and available in the UK from Carl Schench (UK), Stonefield Way, Ruislip, Middlesex HA4 0JT (01-841 5121).

The miniature transmitter, fixed to the shaft, can be powered by battery, or optionally, an induction system can be provided in which sufficient power is picked up to energise the transmitter and its sensors.

Transmitter output is frequency modulated and has a range of up to 500 mm. After pulse shaping in the receiver, demodulation takes place in a converter module and the measured values are then available as an analogue signal between −10 and +10 volts.

● HEATING

## Switches on at right time

A CONTROLLER for small commercial or large domestic premises which "learns" the best time to switch on the heating in the morning has been developed by Satchwell Sunvic.

Expected to sell for between £100 and £150, the controller has already found its first bulk orders from firms in Holland and the UK.

It is based on a microprocessor, one built by the Japanese Nippon Electric Company (NEC). According to Lewis Scott, managing director of Satchwell Sunvic, the chip was used because of its programmability and amount of memory.

All the programming was done at Satchwell's Motherwell, Scotland, factory.

It is small enough to fit into a doublegang conduit box mounting and communicates with the heating system through a 22-way plug in backplate.

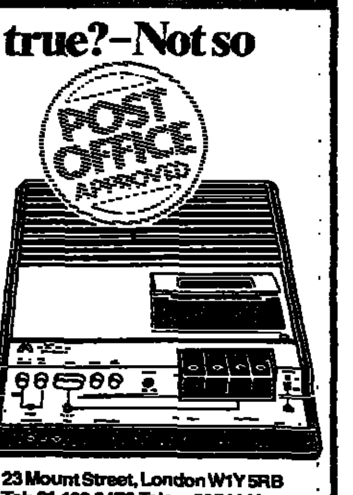
There is also a four digit screen display which in normal use gives the time of day. During setting it displays start and finish times of the heating periods or the temperature of the water. It can also display the number of days to be omitted.

This facility has long been standard in large factory controllers but it is quite new in the small commercial and domestic end of the market.

Satchwell is also working on chip-based simple programmers without the optimising function and on a chip-based gadget to do away with the pilot light on central heating boilers. Satchwell Sunvic are on 0698 66277.







LOMBARD

# The Midlands—a Tory nightmare

BY ANATOLE KALETSKY

WHY SHOULD the Tories care about rising unemployment in the North of England or in Wales or Scotland when they can rely on the voters of the prosperous South to keep them in office? This crude analysis of Britain's political economy has won a certain credibility since the last General Election, which produced an unprecedented polarisation in voting patterns between the "two nations" — the Conservative South and the Socialist North. One does not have to be a total cynic or a left-wing demonologist to believe that any government is bound to attach significance to the geographical distribution of its likely supporters.

## Upheavals

However, if electoral considerations do partly account for the Government's seemingly relaxed attitude to the squeeze now being suffered by the manufacturing industries north of Watford, then the psephologists at Conservative Central Office have made a serious miscalculation. For the crude North-South cleavage in the country's electoral preferences and economic fortunes leaves out of account the industrial upheavals which are now going on in the region where the most important marginal constituencies are concentrated: the Midlands.

The North, Scotland and Wales, which have long been Britain's most depressed areas, are divided into unchallengeable Labour strongholds in the cities interspersed with a few staunchly conservative rural seats—only six out of 267 seats changed hands from Labour to Tory in the last election. But the Midlands, which has traditionally been second only to the South-East in prosperity, has swung much more sharply between the parties. The 99 seats of the east and west Midlands, which are now divided 55 to 44 between Conservatives and Labour, are the battleground on which general elections are lost and won. In October, 1974, only 40 of the Midlands seats went to the Tories, and it was the higher-than-average swing in the Midlands which sealed Mrs. Thatcher's victory last year.

What neither the Midlands voters nor the Parliamentary representatives seem to have realised is that the era of their relative prosperity is probably over. In previous recessions the Midlands' skilled and semi-skilled engineering workers have been immunised from the effects of unemployment. But this time the precipitous decline in Britain's competitiveness in manufactures and semi-manufactures, and above all the near-collapse of car manufacturing, look like turning parts of the Midlands into the sort of industrial wastelands which have hitherto been confined to northern England, Wales and Scotland.

A forecast of regional unemployment rates published in July's Cambridge Economic Policy Review predicts that by 1983 the West Midlands will be suffering 13.7 per cent unemployment. Far from retaining its traditional prosperity relative to the depressed northern regions it will actually have the highest unemployment rate in England.

The detailed unemployment forecasts churned out by Mr. Wynne Godley's Cambridge model may be taken with a pinch of salt. But there are good reasons to expect that the relative fortunes of the regions may develop roughly as predicted, at least as long as the level of sterling continues to squeeze manufacturing output and profits.

The prospect of a depression in the Midlands making the electorate towards the sort of voting patterns taken for granted in Britain's other declining industrial areas, is a nightmare for Conservative electoral strategists. If Labour were merely to win back the 15 Midlands seats it lost last year Mrs. Thatcher's overall majority would be reduced to 13. The loss of a handful of other nearby marginals, such as Oxford, Peterborough, and two in Luton, which are technically in other regions, but which share the Midlands' dependence on motor manufacturing and light engineering, would be enough to wipe out this majority altogether, even if the rest of the country maintained its loyalty to the Tories. These electoral pressures, if nothing else, are likely to shake the Government out of its apparent complacency towards the de industrialisation of Britain.

# The 'dead' file on restrictive agreements

THE THREE Perfumery judgments handed down by the European Court last month were eagerly awaited but received with stunned silence. There was some hope that the European Court would return to notified restrictive agreements the provisional validity which they had before the court removed it in 1973. However, not only did the court not return provisional validity to these agreements, but it deprived most companies of the hope that they would ever know for sure whether such agreements were enforceable in civil proceedings.

## Publicity

To explain the confused and confusing issues of this subject is no easy task. I have been putting it off, but I could not enjoy my holiday without first having tried, though I know the news may spoil a day on the beach for some readers, but they have been warned and can stop reading at this point.

The substantial fines which the EEC Commission can, and does, impose when uncovering intentional or negligent infringements of rules prohibiting restrictive agreements and practices receive adequate publicity. It is also fairly well known that such fines can be avoided by notifying the Commission of the agreement in good time—though the precept that one should let sleeping dogs lie often speaks against notification.

The other less dramatic but more pervasive sanction is provided by Article 85(2) of the EEC Treaty in uncompromising, but not altogether lucid terms: "Any agreements or decisions prohibited pursuant to this article shall be automatically void." Paragraph (1) of Article 85 defines the agreements and decisions (by trade asociations) which shall be prohibited, and Paragraph (3) defines those beneficial effects which qualify a restrictive agreement or decision for an exemption from prohibition. If these three paragraphs are read together the ambiguity of Paragraph (2) becomes immediately apparent: does it mean that restrictive agreements are void right from the beginning, or only after the authorities have decided that they do, indeed, fall under the prohibition of Paragraph (1) and do not qualify for an exemption under Paragraph (3)?

This ambiguity led to a series of European Court judgements, of which the three of July 10, 1980, are the tail which wags the dog. In one of its earliest judgments* the court fortunately cut the invalidity down to size by ruling that not the entire agreement but only the offending part becomes void. Later on, in the Portelange judgment,** the court introduced, for the sake of legal certainty, a provisional validity of notified agreements: "Agreements within the meaning of Article 85, Paragraph (1) of the treaty, duly notified under Regulation 17, remain fully valid as long as the Commission has taken no decision under Article 85, Paragraph (3) and the provisions of the aforesaid regulation." This beneficial ruling, however, did not last long.

In 1973 the court gave way to the arguments of the Commission and retracted, though not explicitly, its Portelange decision: it retained provisional validity only for "old agreements"—that is agreements made either before Regulation 17 came into force in 1962, or, in respect of the new member countries, before the accession date, and duly notified within the prescribed periods. The Brasserie de Haecht v. Wilkin (No. 2) judgment† deprived new notified agreements of provisional validity and made them vulnerable when attacked by the other party in civil courts.

The trouble with EEC notifications is that they pile up in the offices of the Competition Department in Brussels; the particularly juicy ones are picked up and dealt with in procedures often lasting several years, but the great bulk remains untouched, with the agreements provisionally invalid. The Commission gave up all hope of tackling the stockpile by formal decision. Instead, it started sending out letters saying that it did not intend taking any action for the time being. The notification was then placed on the "dead" file.

Letters that their notifications of selective distribution agreements had been placed on the "dead" files were received by leading French perfume manufacturers — Guerlain, Rochas, Lanvin, Nina Ricci — as well as by the French subsidiary of the Canadian company of Estée Lauder. Later on, these companies were taken to the French courts when some distributors complained they had been refused supplies because they did not belong to the network of the appointed dealers. It was partly a question of EEC law, and partly a question of French law which makes it a criminal offence to refuse supplies without a good reason and the lawyers representing the French perfumers argued that according to the European Court‡ national authorities had no power to prohibit a restrictive practice which the Commission had permitted under Article 85/3.

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

This threw up a number of questions which were referred to the European Court. The court had no difficulty in concluding that the letters were not decisions: they gave neither "negative clearance" nor an "exemption," for to provide either of these the Commission would have had to follow certain prescribed procedures including publicity that would allow other interested parties to intervene. But, mysteriously, the European Court ruled that national courts were free to take the letters into account as a "fact."

As the letter was not a decision, but merely an administrative communication, the court held, in case 37/79, that it did not prevent national authorities from applying EEC law themselves. In no case did the letter signify the initiation of an EEC procedure which, according to Article 9 of Regulation 17/62, would bar a national authority from dealing with the issue. In the second judgment, in cases 253/78 and 1-3/79, the court held that the letter sent by the Commission did not preclude national authorities from applying stricter rules of national law; in this case the prohibition of a refusal to sell.

Finally, dealing with the effect of the letter on "old" agreements, that is agreements concluded before March 13, 1962, the court held in the third judgment (in case 99/79) that the placing of the notification on the "dead" file put an end to the provisional validity of the notified agreement.

## Confucius

The net result of these three judgments is that by a simple letter, without going through hearings and cumbersome evidence, the Commission can (1) deprive an "old" agreement of its provisional validity; (2) pass the buck of deciding whether an agreement is prohibited under EEC law to the national court and (3) deprive a prohibited agreement of any possibility of exemption which only the Commission can grant, but not the courts.

Confucius said that what troubles you, can either be repaired or not; in either case there is no point in worrying.

* Case 56 and 58/64 (1966) CMLR 418; ** Case 10/69, (1974) CMLR 397; † (1973) CMLR 287; ‡ Case 14/68 (1969) CMLR 100.

# Sharpo finely honed for a win

RACING

BY DOMINIC WIGAN

MISS Monica Sheriffe, whose last major success in Yorkshire came when The Elk lifted the Observer Gold Cup, could well see her sprinter Sharpo cause an upset in today's William Hill Sprint Championship. The ground is softer than Valeriga, the favourite, now appreciates. He will be hard pressed to catch Sharpo, who will relish this minimum trip on York's stiff galloping track.

Sharpo has yet to recapture the brilliance he showed in trouncing Abdu at Sandown in May, where an electrifying burst of acceleration settled matters by the furlong marker. But by no means has he lost his form.

In the William Hill July Cup on dead ground last time out, the chestnut son of Sharpen Up did well to take third place, 1½ lengths ahead of the fast-finishing Valeriga.

If Pat Eddery makes his move approaching the distance, Sharpo could be in an unassailable position before Valeriga gets into full flight.

Lester Piggott rides Valeriga. Whatever his fate in the all-aged Group 2 stake, he should be seen to advantage on this, his favourite course. Marwell, whom Piggott rides in the opener, the Prince of Wales' Stakes, cannot be opposed. I expect his major plunge half an hour later on Blaze of Glory to prove warranted in the Melrose Handicap.

Judged by the weight of "warm money" for her at Haydock 11 days ago, where she toyed with third rate opponents, the Queen's filly has been showing enough at home to suggest she is a far better animal than seemed possible.

Blaze of Glory should pick up today's valuable handicap off a low weight, before going on to better things.

In the history of the Gimcrack Stakes there can have been few races as uninspiring as this afternoon's renewal in which no juvenile defends an unbeaten record, and all but Penmarric have been beaten at least twice.

Here, again, Eddery will be close to the mark, for he comes in for the mount on Bel Bolide, who failed by a head in the forceful hands of Willie Carson to hold off Another Realm in the Richmond Stakes at Goodwood on July 30.

YORK

2.00—Marwell
2.30—Blaze of Glory***
3.00—Bel Bolide*
3.35—Sharpo
4.10—Twenty Two**
4.40—Sockburn
5.10—Staying Alive

# TV/Radio

## BBC 1

†Indicates programmes in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.00 Noah and Nelly in Skylark. 10.05 Jackanory. 10.20 The All New Popeye Show. 10.40 Take Hart. 1.30 pm Mr. Men. 1.45 News. 4.18 Regional News for England (except London). 4.20 Play School (as BBC at 11.00 am). 4.45 Singing, Ringing Tree. 5.10 John Craven's Newsround. 5.15 Young Explorers.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Golden Fiddle Awards.
6.50 Looking Good, Feeling Fit.
7.25 Top of the Pops.
8.05 Taxi.
8.30 Last of the Summer Wine.
9.00 News.
9.25 Sweet Nothings (a love story by Ted Whitehead).
11.00 All About Books with Russell Harty.
11.35 Weather/Regional News.

All Regions programmes as BBC1 except as follows:

BBC Cymru/Wales—5.55-6.20 pm Wales Today. 6.50 Newyddion. †7.00-7.25 Phil Silvers as Sergeant Bilko. 9.25 "The Assassination Run," starring Malcolm Stoddard. 10.35-11.00 Safari to Life (The African Medical and Research Foundation). 11.35 pm News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

## BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Dallas.
7.45 Mid-Evening News including sub-titles.
8.00 Small World.
8.10 Horizon.
9.00 Molière.
9.55 Call My Bluff.
10.25 Festival 80 from Edinburgh.
10.55 Newsnight.

## LONDON

9.30 am Gardening Today. 10.00 About Britain. 10.25 Predators of the Deep. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.25 Racing from York, covering the 2.30, 3.00, 3.35 races. 3.45 Looks Familiar. 4.15 Project UFO. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.30 An Exceptional Child.
7.00 "Bronk," starring Jack Palance.
8.30 This England.
9.00 Edward and Mrs. Simpson.
10.00 News.
10.30 Lou Grant.
11.30 Jack on the Box.
12.00 What the Papers Say.
12.15 am Close: Rudolph Walker reads a West Indian poem.

All IBA Regions as London except at the following times:

### ANGLIA

10.25 am Friends of My Friends. 10.50 Redgauntlet. 11.20 Words and Music. 11.50 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 4.15 Mumbly. 4.20 Tarzan. 5.15 Bygones. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Thursday Feature Film: "The Wild Heart" starring Jennifer Jones. 10.30 The Brian Connell Interviews. 11.00 Jack on the Box. 11.30 The Prime of Miss Jean Brodie. 12.30 am The Living Word.

### ATV

10.25 am The Sutlin's Grand Masters 1980 Darts Championship. 10.50 Chopper Squad. 11.40 The Undersea Adventures of Captain Nemo. 11.45 Here Comes Mumfie. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 4.15 The ATV Thursday Picture Show. 6.00 ATV Today. 6.35 Crossroads. 7.00 Medical Phone-In. 7.30 Charlie's Angels. 10.30 Jack on the Box. 11.00 ATV Newsdesk. 11.05 The Prime of Miss Jean Brodie.

### BORDER

10.25 am Thingummyjig. 11.15 Look Who's Talking. 11.40 Clue Club. 1.20 pm Border News. 4.15 Salvage One. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Comedy Short. 7.30 Hawaii Five-O. 10.30 Jack on the Box. 11.00 Soap. 11.30 Vegas. 12.25 am Border News Summary.

### CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and weather. 4.18 Little House on the Prairie. 5.15 Mr. and Mrs. 6.00 Channel News. 6.10 Friends of Man. 6.35 Crossroads. 7.00 Check It Out. 7.30 A Man Called Sloane. 10.28 Channel Late News. 10.36 Soap. 11.05 Summer of '80. 11.30 Pro-Celebrity Darts. 12.00 Barney Miller. 12.25 am News and weather in French.

### GRAMPIAN

9.25 am First Thing. 10.25 Thingummyjig. 11.20 Look Who's Talking. 11.45 Cartoon Time. 12.30 pm Against the Wind. 1.20 North News. 4.15 Project U F O. 5.10 Struck by Lightning. 5.40 Police News. 6.00 North News. 6.10 Anna and the King. 6.35 Crossroads. 7.00 Fiddle and Box. 7.30 Charlie's Angels. 10.30 Jack on the Box. 11.00 Reflections. 11.05 Soap. 11.35 North Headlines. 11.40 Sounds Gaelic.

### GRANADA

10.25 am The Lost Islands. 10.50 Look at Life. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 3.45 Little House on the Prairie. 5.15 University Challenge. 6.00 Granada Reports News. 6.05 Time Off. 6.25 This Is Your Right. 6.35 Cartoon. 6.45 The Thursday Film: "Evo Man." 10.30 Barney Miller. 11.00 And the Bands Played On. 11.30 What the Papers Say. 11.45 Jack on the Box.

### HTV

10.30 am Moynihan. 11.20 Clapperboard. 11.50 Cartoontime. 12.30 pm Against the Wind. 1.20 HTV News. 3.45 Cabbages and Kings. 4.15 Salvage—1. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Barney Miller. 7.00 "The Brigand of Kandahar" starring Ronald Lewis and Oliver Reed. 10.28 HTV News. 10.35 Cinema Club: "The Goat Horn" (from Bulgaria).

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 4.15 The Latchkey Children. 4.45 Ser. 5.15-5.20 Cartoontime. 6.00 Y Dydd. 6.15-6.30 Report Wales.

### SCOTTISH

10.25 am Diary of Civilisation. 11.15 Look Who's Talking. 11.45 Sally and Jake. 12.30 pm Bygones. 1.20 News. 4.15 Popeye. 4.25 Salvage—1. 5.15 Crossroads. 6.00 Scotland Today News and Festival '80. 6.30 Down to Earth. 7.00 Doctor Down Under. 7.30 Thingummyjig. 10.30 Soap. 11.00 Superstar Profile. 11.30 Girl Talk. 12.00 Late Call.

### SOUTHERN

†10.25 am "Jet Storm" starring Richard Attenborough. 12.30 pm Against the Wind. 1.20 Southern News. 4.15 Tarzan. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 "Carry on Matron" starring Sidney James. 10.35 S.W.A.T.

### TYNE TEES

9.20 am The Good Word followed by North East News. 10.25 The Beatles. †10.45 Morning Movie: "Jacqueline" staring John Gregson and Kathleen Ryan. 1.20 pm North East News and Lookaround. 4.15 Dynomutt the Wonder Dog. 4.45 Salvage—1. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Fantasy Island. 8.00 The Cuckoo Waltz. 10.30 North East News. 10.32 Alright Now! 11.00 Have Girls, Will Travel. 12.00 Winners and Losers. 12.30 pm Learning For a Living.

### ULSTER

10.25 am Thingummyjig. 11.15 Look Who's Talking. 11.45 Cartoon Time. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.16 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.20 Police Six. 6.30 Out of Town. 7.00 Fantasy Island. 8.00 George and Mildred. 10.29 Ulster weather. 10.30 Let The Music Take You. 11.00 Soap. 11.30 Jack on the Box. 12.00 Bedtime.

### WESTWARD

10.25 am Thingummyjig. 11.15 Look Who's Talking. 11.40 Larry the Lamb in Toytown. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 4.15 Gus Honeybun's Birthdays. 4.18 Little House on the Prairie. 5.15 Mr. and Mrs. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Westward Report Employment Special. 7.30 A Man Called Sloane. 10.32 Westward Late News. 10.36 Soap. 11.05 Summer of '80. 11.30 Pro-Celebrity Darts. 12.00 Barney Miller. 12.25 am Faith for Life. 12.30 West Country weather and shipping forecast.

### YORKSHIRE

10.25 am Space Ghost and Dino Boy. 10.50 Bailey's Bird. 11.10 Space 1999. 1.20 pm Calendar News. 4.15 Wheelie and the Chopper Bunch. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 "Carry on Matron" starring Sidney James, Kenneth Williams, Charles Hawtrey and Barbara Windsor. 10.30 Doctor Down Under. 11.00 Jack on the Box. 11.30 Kaz.

## RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Richard Skinner. 7.02 25 Years of Rock. 8.00 Chris Jones. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Ray Moore (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 Bob Kilbey (S). 8.02 Country Club (S). 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight at the Edinburgh Festival, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

## RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Prokofiev (S). 10.00 Schumann and Brahms chamber music recital, part 1 (S). 10.30 Interval Reading. 10.35 Recital, part 2 (S). 11.20 BBC Welsh Symphony Orchestra concert, part 1 (S). 12.10 pm Interval Reading. 12.20 Concert, part 2 (S). 1.00 News. 1.05 Schumann piano recital (S). 1.50 Janacek and Martinu chamber music (S). 2.30 "Dido and Aeneas," opera by Purcell (S). 3.30 Violin and Piano recital (S). 4.05 Schubert Songs (S). 4.55 News. 5.00 Mainly for Pleasure (‡ and mono only from 6.20). 7.00 Uncle Games. 7.30 As Radio 4 UK. 9.40 What The Papers Said. 9.50 Music In Our Time (S). 11.00 News. 11.05-11.15 Satie piano music (S).

VHF only—Open University: 6.00-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.45 Blasting and Bombardiering. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Enterprise. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 File on 4. 11.50 Through My Window with naturalist Tony Soper. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre. 4.15 A Small Country Living. 4.45 Short Story. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Proms concert, part 1: Haydn, Shoenberg (S). 8.25 Anthony Powell in conversation with Frank Delaney. 8.45 Proms, part 2: Brahms (S). 9.40 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Fond and Familiar (music with Laurie Macmillan). 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Tony Blackburn Telephone programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 Join Radio 2.

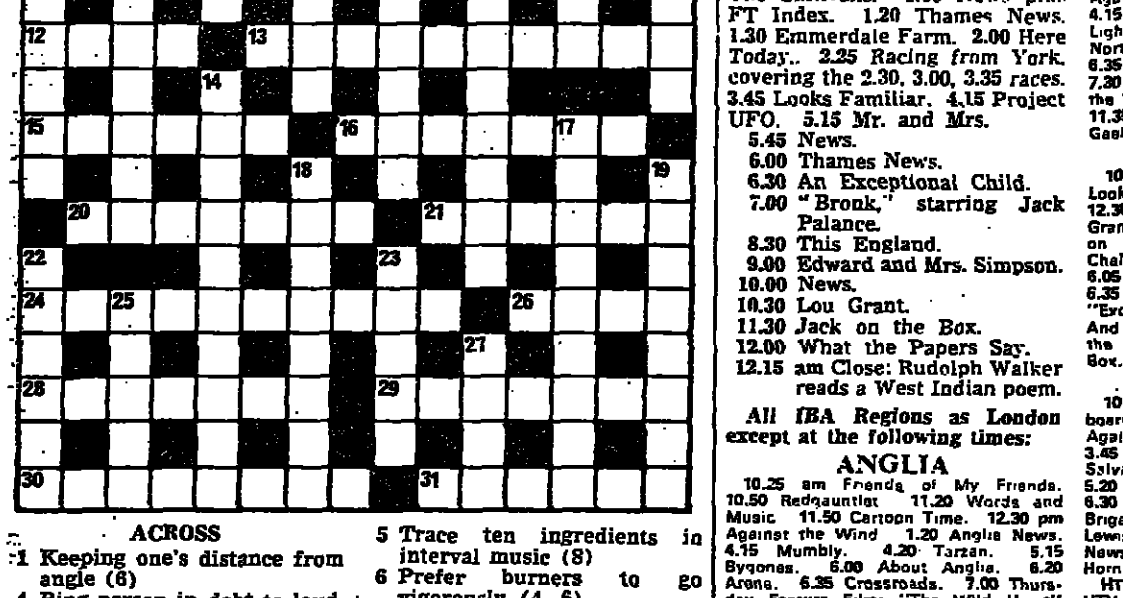
## London Broadcasting

5.00 am AM—Douglas Moffitt and Alan King. 10.00 Brian Hayes: LBC's Editorial Director, Ron Onions, will be talking about LBC's programming. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 London Interview. 5.00 Morning Music.

## Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 John Sachs (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Peter Young (S). 11.00 Mike Allen's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

## F.T. CROSSWORD PUZZLE No. 4,354



ACROSS
1 Keeping one's distance from angle (6)
4 Ring person in debt to loud-mouthed crier (8)
10 Bright chap who's had enough we hear (7)
11 Part-time soldiers given college gate money (7)
12 Eliminating race fever (4)
13 Chance to get money to eat (5, 5)
15 Love letter to appraise before daughter spoke (6)
16 Odd way to wander about (7)
20 Degree by post (7)
21 He won't admit quality of thread (6)
24 House mixed-up type in dish (7, 3)
26 Drink for yours truly to notice (4)
28 Determined listener given set of tables (7)
29 Far from express train to Cork (7)
30 Where to catch train from London abbey (8)
31 Continue interminably with monster (6)

DOWN
1 Going to start firing branch (8)
2 Lose cohesion in autumn a bit (4, 5)
3 Upset favourite's measure (4)
5 Trace ten ingredients in interval music (8)
6 Prefer burners to go vigorously (4, 6)
7 One quarter in church flinch (5)
8 Soldiers join team to live (6)
9 Disturb initial lead (5)
14 Dishonest people raging at dramatist (3, 7)
17 Just over a pound glutton pays for experimental object (6, 3)
18 Doctor in case paper chief worried (8)
19 Bar serving grilled steak (8)
22 Point to beliefs in long harangue (6)
23 Tight sort of cake (5)
25 Cast sounds finished (5)
27 Heath playing Othello (4)

Solution to Puzzle No. 4,353

# ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

# THE ARTS

EDINBURGH FESTIVAL

## Billy Bishop Goes to War

by MICHAEL COVENEY

The Vancouver East Cultural Centre has brought to the Moray House Gymnasium its much vaunted two-man show about the first world war Canadian flying ace. Billy Bishop is played by Eric Peterson, while the author, John Gray, sits at a grand piano. Mr. Peterson also characterises a gallery of adjutants, generals and other assorted members of the English aristocracy. Even King George V gets in on the act when, having shot down 72 enemy aircraft, Bishop goes to Buckingham Palace, is welcomed with the regal remark: "Well, you've been a busy bugger," and given three medals.

I do not think the show is particularly substantial, nor would I say, as has been suggested, that it amounts to a convincing indictment of war while simultaneously celebrating the killer instinct. What does come across strongly is a sense of how the colonial inferiority complex has a reverse quality of rugged independence. The sky's attraction for Bishop is primarily a romantic one, a way of escaping such earthly disasters as falling off a horse or tripping down stairs. For Bishop is an accident prone incompetent who was, by all accounts, a not very good pilot and recalcitrant social animal.

This much is humorously conveyed by Eric Peterson, who performs with great restraint and assurance. A slight, whippety actor with blond hair and popping blue eyes, he is equally good whether revving up in goggles and floating round the stage with a model biplane or suddenly discovering some flabby jowls to shake as an amnesiac recruiting officer.

Once in the Royal Flying Corps Bishop becomes as famous as Albert Ball, the English ace he celebrates in a not very good Kipling parody. In fact, although the show is done with much flair and economy, the lyrics rarely bite and we are left with a sort of jingoistic panoply of revue cliches. There are, however, two exciting moments, both provided by David Gropman's design, which suddenly opens out, establishing the hitherto anonymous back wall as a corrugated plastic aircraft hangar. Inside we see the huge front on view of a biplane, and that sets the scene for Bishop's most famous exploit, the single handed destruction, with sound effects, of a German aerodrome. Later, the set divides a second time to reveal a large Union Jack and the show ends with a sensual overlaying of one image on the other.

By sheer coincidence, the afternoon show at the Traverse also features a First World War hero. Barry Collins's *The Ice Chimney* takes us on to Mount Everest in 1934, where Maurice Wilson is running away from the girl he loves and wartime memories on a suicidal mission without baggage or much equipment. In the first half of an interminably long monologue, Wilson is sustained by Faith. The Lord is his sherpa. Later he cracks up and starts sniffing Sarah's underwear that he just happens to have brought along with him. There is some fine writing and a good feat of memory by Christopher Ettridge. But, like the same author's *Judgment*, this is an ordeal both in substance and for the audience. Cut by an hour, and played without an interval, it might have improved by the time it reaches London in November.

## The Passion

The Assembly Hall on The Mound is occupied by the National Theatre for the first two weeks of the Festival. Bill Bryden's production of *The Passion*, first seen in the Cottesloe in 1977, drew on the York Mystery Plays to tell the story of Christ from John the Baptist to the Crucifixion. This now becomes Part 2, following on the new production which takes up from the Creation to the Nativity and slaughter of the first born.

The first thing to be said is that the contrast between the two parts could not be greater. Part 1 is a splendid spectacle, the hall hung about with glimmering light in a firmament of lamps, dustbins and braziers through which Brian Glover as God creates the universe from the top of a fork lift. Part 2 does not fill the space so spectacularly, but again offers audiences the chance to get close to Pontius Pilate's domestic tiffs and to jostle along the Via Dolorosa where characters like Simon of Cyrene and Mary Salome seem to be plucked from the general throng.

So, the whole production does not bear any definitive stamp such as you would expect from Mnouchkine or Ronconi. But it does leave plenty of room for Bryden's characteristically physical and rough-hewn company to strut their stuff. There is also the marvellous folk rock music of the Albion Band which, while not really overcoming the acoustic problems, does provide commentary and mood setting in generous proportions. The shepherds await, for instance, to a tingling electronic dawn as Gabriel bounces the beams of a blazing star off a large hand-held mirror. At the manger, in a breathtaking sequence of spectacular intimacy, a slow rock number brings cast and audience together as they tighten in a communal circle bearing small devotional candles.

Although Part 1 does incorporate the Shepherd's Play from the Wakefield cycle, in which Barrie Rutter has a fine time as Mac the Sheep Stealer, its impact is mainly large-scale. The design and lighting team of William Dudley and Andy Phillips has created a sort of Gothic discotheque where Morris dancers and high jinks round the maypole are continuously triumphant over tin-helmeted soldiers and the haunted Lucifer of Jack Shepherd, who finds himself jerked off his perch and propelled round the acting area in a smoking barrel.

Carrying through the parallel of humanity asserting itself in shows of folksy excess, Dave Hill (who is quite outstanding throughout, not least as a giratingly aggressive John the Baptist) plays Joseph's jealousy as something like an intemperate outburst of one of Bill Tidy's Cloggies and Brian Glover descends to give J. G. Devlin's Noah his ark-building instructions as a gleaming foreman in flat cap and braces. All of this rescues the Mystery Plays from the village-hall York Festival tradition. Similarly, the crucifying soldiers in Part 2 are a bunch of sinister workmen fitted out with elaborate tools to winch up the cross on trolleys in the midst of a lot of grunting and groaning about their plight as dissatisfied employees.

Adam and Eve emerge naked from the gravel and filth of a large shell like a couple of animated stomachs. Cain slays Abel in Pekinpah-style slow motion, and equally memorable is the ingenious presentation of the Ark as a makeshift refuge for an umbrella-wielding human menagerie ruled by J. G. Devlin in a black sou'wester. Tony Haygarth's Pontius Pilate is a boozy lecher attended by the grotesque double act of Mr. Hill and Bryan Pringle as Annas and Caiaphas, the latter winning a round of applause by draining a jug of wine after Pilate has made Judas grovel for his 30 pieces by throwing them disdainfully around the floor.

Part 2 comes across as the more integrated piece of writing thanks to Tony Harrison's new version, full of funny rhymes and bursting with solid rhythm. Part 1 is a result of collaboration between the company and a collection of writers including Howard Brenton, Barry Collins and Michael Herr. This proves, at first hearing, to be less successful. Strangely, after the tremendously exciting opening scenes, we are deprived of the Resurrection and the Ascension. That may be merely because Brian Glover is unavailable to revive God as he delivers the moving Testament at the foot of the Cross wearing a helmet complete with miner's lamp that beams through the auditorium with steady penetration. **M.C.**

Radio 3

## BBC Northern Symphony/Leppard

by ANDREW CLEMENTS

By a strange irony, the only one of the BBC's regional symphony orchestras absent from the abbreviated Proms is the Scottish Orchestra. Tuesday's programme, conducted by Raymond Leppard, was the first of three this week to be given by the BBC's Northern Symphony Orchestra.

It was Mr. Leppard's last concert as the orchestra's principal conductor; he now lives in the U.S. and will return only for guest appearances. He chose to end his association with Shostakovich's Fifth symphony. Not a triumphant ending, though the performance itself was proof enough that he is leaving a responsive, polished band; Mr. Leppard has evidently taken to heart the composer's posthumous revelation that the finale of the Fifth is forced, deliberately empty jollity. So the symphony became implacably tragic, with little hint of the relaxation even in the scherzo.

Yet such austerity is not the whole answer to this problematic work. To maintain a single leisurely speed for as long as possible in the first movement makes for many beautiful becalmed moments, and a brutally dispassionate opening to the development, but tends to neglect its tightly organised symphonic structure. Similarly, the Vaughan Williams-like divided strings in the adagio were well drilled, but did not suggest for one moment the symphony's emotional core. The finale, too, emerged not savage and ironic, but testy and ill-mannered.

In Beethoven's Eighth symphony which opened the concert, there was again a remorseless tread to the music, the allegretto dismissed in a perfunctory way, the finale reduced to a demonstration of the orchestra's powers of articulation. The solist in Liszt's first piano concerto was David Wilde; a straightforward traditional account, lacking apparent warmth perhaps only because the orchestra was not allowed much expressive latitude in the slow movement.

### SNO administrator resigns

The Scottish National Orchestra Society has announced that Mr. David Richardson, its general administrator since 1972, has resigned in order to take up an appointment in America later this year as managing director of the Saint Paul Chamber Orchestra in Minneapolis/Saint Paul, Minnesota.



Record Review

## Bach on the piano

by MAX LOPPERT

**Bach:** Toccata in C minor BWV 911; Partita no. 2 in C minor, BWV 826; English Suite no. 2 in A minor, BMV 807. Martha Argerich. DG 2531 088.

**Bach:** Italian Concerto, BMV 971; French Suite no. 5 in G, BMV 816; French Overture (Partita no. 7), BMV 831. András Schiff. Decca Ace of Diamonds SDD-R 564.

**Bach:** *Toccatas in D, BMV 912:* in F sharp minor, BMV 910; in D minor, BMV 913. Glenn Gould. CBS 76881.

**The Art of Dinu Lipatti.** Music by Bach, Scarlatti, Mozart, Chopin, Liszt, Ravel, Enesco. HMV Treasury RLS 749.

Fashions change. Not so long ago, the battle to re-establish the keyboard instruments of Bach's day in contemporary performance practice being triumphantly concluded, Bach on the piano was an easy target for critical suspicion and disapproval. Now, the gramophone, an accurate (if not always infallible) barometer of current trends and tastes, registers by means of recent issues that it is not only the accredited Bach pianists who are turning to his music in the recording studio, alongside the harpsichodists already for some while preeminent there. Such pluralism is surely all to the greater glory of the composer: for the notion that pianists should on principle be desired to avoid the central board of Western keyboard literature—still the music through which the largest number of pianists gain their earliest keyboard command—on grounds of a feared musicological impropriety must be considered no less culturally myopic than the old, long discredited belief that in the piano an evolutionary process had achieved its natural conclusion, and that all earlier keyboards were to be relegated to the status of antiquarian curiosities.

In one respect, it could even be argued that playing Bach on on the piano offers perhaps the weightier challenge to a creative performer. The "neutral" tone colour and qualities of the instrument demand a decisive response to the sense and the character of the musical invention. Dullness or blankness is threatened much more readily when thought and imagination have not dictated the interpretation of every bar. The result will—must—be in some degree like an arrangement; and, like that currently unfashionable art, allows the possibility of unexpected musical illumination, of exposing form and content, structure and dramatic manipulation, to fresh and rewarding emphasis.

All the records under review prove the point, none more so than Martha Argerich's. This is a feast, spread by one of the most generously endowed pianistic talents of the day. The pleasure-as-sound that it affords—never beside the point in Bach—is what one registers first; the natural directness, strength, and brilliance of Argerich's touch have been well captured by the DG engineers. More important, she extracts from all the music performed a wonderfully exhilarating dramatic force. It is a minor-key programme; the sizzling energy felt in every note, and such subordinate features as the air of mounting excitement in the sequences of the English Suite Prelude or the triumphantly cumulative sweep of the Partita's final movement Capriccio, owe nothing to any immaturely formed or applied notions of the musical drama implicit in a Bachian minor key. The fire seems to reside in the music itself; in the Toccata, the magisterial steadiness with which the quasi-improvisatory opening flourishes are allowed to unfold may surprise those who have "typecast" Argerich as a performing whirlwind—all force, speed, and energy, and no intellectual substance.

Dinu Lipatti

At the Leeds Piano Competition, and subsequently in recital, András Schiff established in this country his stature as a Bach pianist. His record proposes a strikingly contrasted and no less valid approach. The young Hungarian is a charmer, a playful, delightful, at times exquisitely gentle musician—the G major French Suite can seldom have sounded more limpid, more abundantly melodious, than it does here. It could be argued that his affectionately fanciful manner risks in places the charge of prettification; in such a massive and masterly construction as the *Ouverture* of the B minor French Overture, a complementary touch of the Argerich minor-key muscularity might not have come amiss. Schiff is the most decorative of this batch of Bach pianists, in more than one sense—his application and variety of ornament, discreet experiments (in repeats) with *notes inégales*, and octave transpositions of melody (in the *Bourrées* of the French Overture) all serve to indicate the distinctive character and the manifold attractions of his Bach playing. The recording, made in Japan, is warmly resonant, not ideally clear, slightly muffled in the bass.

The three Toccatas played by Glenn Gould are early Bach—"vigorous, splendidly imaginative" are the epithets Charles Rosen has justly chosen for Bach's development of the genre; also "prolix," which last seems a little less appropriate to the three on this record, notably the F sharp minor, with its remarkable fusion of bravura, dramatic variety impressed into a single span of movement, and emotional intensity. Gould admirers and detractors will alike know what to expect from their readings (and dry recording quality) here—passages in which the music is laboured long, hard, and painfully, with didactic pecks at rhythmic detail and whimsical nibbles at melodic statement, succeeded by passages in which the music acquires a quality of intellectual penetration and resilience it very rarely experiences. It is, however, difficult to predict exactly which kind of Bach will inspire which kind of Gould; particularly in the D minor Toccata, which occupies a rather short-measure second side, the surprises are numerous (and by no means always unwelcome).

One of the myriad pleasures of the Lipatti collection is that of rediscovering his sublime eloquence in Bach. The B flat Partita and Bach arrangements (including *Jesu, joy of man's desiring*) filling side 1 and most of side 2 were recorded in the summer of 1950, in the period, immediately prior to the pianist's death at the age of 33, when it seemed that the newly discovered drug cortisone might be arresting the inevitable course of his leukaemia. (The familiar sad facts are clearly set out in the well-balanced appreciation of Lipatti by Jeremy Siepmann in the leaflet accompanying the four-record set.) Such knowledge need not impinge upon the listener's experience, for the performances require no gloss for their appreciation. Each is a miracle — of poetic refinement and strength in every aspect of technique; of shading, colour and nuance strictly disciplined to the particular nature of the musical invention; of nobiilty, integrity, and emotional warmth. For myself, I find the conjunction of performance and biographical fact not only pertinent but uniquely rewarding: in such circumstances, Lipatti's avoidance of specious agonising takes on the character of heroism.

This box, it goes almost without saying, is a collection of Great Recordings of the Century (to borrow the title of a previous HMV series of reissues). It gives a complete picture of the artist. Mozart and Chopin, necessary in any such, are substantially represented. The later's E minor concerto, taken from a 1948 live performance (the leaflet relays the exceedingly improbable information that orchestra, conductor, venue, producer, and engineer are all unknown), is restricted in sound and unimpressive in orchestral attack; the unsentimental, luminous quality peculiar to Lipatti's Chopin shines through the aural murk. He was a pianist capable of staggering virtuosity — Ravel's *Alborada del gracioso* is "orchestrated" in a way that makes the composer's own subsequent efforts sound a poor substitute. The Enesco third sonata on side 8 rambles attractively; earlier, two Scarlatti sonatas are brilliant and concise. Altogether, too many treasures press here for description. A general encouragement to "go out and buy" must suffice.

Soho-Poly

## Men by B. A. YOUNG

From boredom, or so he says, The Boy frequents the men's room of a run-down New York hotel where he can indulge his versatile taste for homosexual adventure. Ultimately, of course, he is beaten up and collapses, bleeding and crying, to the floor.

Here he is succoured by an ageing ex-drag queen, now living on welfare. There is an exchange of inner convictions, the Boy confessing to a failed suicide, the older man recalling his youthful love for another transvestite, one of surpassing beauty and ability. It ends in a surge of mutual friendship that might, you never know, help the two of them to happiness.

It's a sentimental piece, written by Stephen Holt, who plays the drag queen with the likeable foolishness that stage drag queens commonly take on when they're sympathetically presented. It's tender, too, and sometimes very funny, though it relies more than it need on clichés of gay thought and speech, just as the acting, admirable as it is, sometimes relapses into received gay stage attitudes.

If it has a moral for us, it is the alarming suggestion that the Boy, whom Andrew Sharp makes lithe and handsome, even if his soliloquies don't offer much hope of intelligence, will be lured by his current course of conduct into the same pathetic world of regret as the older man inhabits.

It is ably directed by Sue Parrish on an untidy set that incorporates the Soho-Poly's loo as part of the scenery, designed by Paul Dart. Mr. Dart also plays three assorted patrons of the Boy's public generosity.

Casino-Kursaal, Ostend

## Belcanto and Opera Competition

The fourth International Belcanto and Opera Competition jointly promoted by Belgian Television, the city of Ostend and its Casino-Kursaal, ended with a gala concert given by the prize-winners, accompanied by the Budapest Philharmonic Orchestra under its conductor Andras Korodi. The jury, chaired by Patricia Foy of the BBC, chose Romanian tenor Ionel Voineag as recipient of the first prize (150,000 Belgian francs), while the Press jury selected Mr. Voineag and his compatriot, soprano Monica Teodorescu, for a special prize of 100,000 francs for the best duo. The 30 competitors, from 15 countries, were required to enter in pairs, and the preliminary rounds were given in costume, staged by Eddy Steylaerts, head of production for the music department of Belgian Television.

Competitors had also to be sponsored by an opera house or other musical establishment, and the British entrants came under the auspices of the Royal Northern College of Music in Manchester. Ann Williams, a 24-year-old soprano who has just completed four years study at the RNCM, not only received a consolation, or encouragement, prize, but was also awarded the prize for the most promising young singer, awarded by the so-called Youth Jury. Miss Williams, a spitfire Nedda in her duet with Silvio (baritone Christopher Thornton-Holmes) from *Pagliacci*, was the outstanding discovery of the competition, whose self-professed aim is the promotion of exceptional young talent.

For her solo aria Ann Williams chose Amelia's "Ma dall' arido stelo divulso" from *Un Ballo in maschera*, displaying a voice quite powerful enough to cope with Verdi's demands. In the gala concert—shown on Belgian Television like the five earlier sessions—she offered instead Fiordiligi's "Come scoglio" from *Così fan tutte*, which made a less favourable impression; the young Welsh soprano has yet to acquire a polished Mozartean style, but the raw material is certainly first class. The prize-winning Romanian couple stayed with Puccini throughout, the soprano's "Un bel di" from *Madama Butterfly* leading—or rather returning—to the first-act love duet for Butterfly and Pinkerton, sung with genuine warmth of feeling and involvement.

The tenor sang Cavaradossi's "Recondita armonia" for his solo, moving to the third act of *Tosca* for "E lucevan le stelle" at the gala. He has a fine voice but resorted too often—and quite unnecessarily—to forcing, while the style of the latter aria was frankly vulgar. The 22-year-old Yugoslav soprano, Vlatka Orsanic, had, in my opinion, a better claim to the first prize for her rendering of Violetta's "Ah! fors' e lui" from *La traviata* and for her share in the duet from *Lucia di Lammermoor* for Lucia and Enrico, sung with gleaming tone and in excellent style.

**ELIZABETH FORBES**

Elizabeth Hall

## Tureck plus

by PAUL DRIVER

The few who had gathered for Tuesday evening's Summer Music concert were offered the extraordinary artistry of Rosalyn Tureck sandwiched between two very substantial portions of early 18th-century *musique de table*, and never can the modest have set off the mighty quite so devastatingly.

The programming throughout this series is revealing a rather wanly impotent sense of ambition: bold contrasts are being attempted which simply do not work. Surrounding Miss Tureck's Bach with such a host of inconsequentialities as Mouret's *Suites de symphonies* and Lalande's *Symphonies des soupers des roi* — music so lacking in any palpable design upon the listener as to suggest a peculiar fulfilment of the theories of John Cage—did tax patience exorbitantly in its demonstration of a merely academically interesting point. We do not need undue reminding, after all, to realise that Bach engulfs his contemporaries as an ocean would a rill. The rarity of these pieces — have they been played here before in centuries? — did not really compensate much.

The English Chamber Orchestra gave vigorous, polished, enhancing performances, under the intermittently balletic inspiration of their conductor Sylvain Cambreling. That excellence goes without saying, but it does not unfortunately guarantee charm. As the music trickled through the ear (the Lalande was marginally the more forgettable, or was it just that it came at the end?) one began to resent the way "charm" readily becomes a euphemism. Charm is an attribute of genius too.

Miss Tureck's arrival (after some delay) on the platform and her emphatic first notes in Bach's Piano concerto no. 1 (D minor) swept vapidity right away. All was concentration and profound novelty. She lets the piano dominate the opening tutti as a kind of declaration of confidence in her choice of instrument. Her tempi are unusually slow, the point being to study each detail, to project it with a lean and shining poetry. Her passage work is thrillingly virtuosic and would be at any speed. No facet of the music has not been clarified with new thought and imaginative force.

The use of a modern grand piano has been deeply considered. She is endeavouring neither to transform a harpsichord idiom into a properly pianistic, implicitly romantic one; nor to imitate on the piano (retaining its benefits) the essential manner of the harpsichord. By employing soft pedal but little sustaining pedal, minimising ornamentation and cultivating the purest resonance, she proposes an ideal medium for Bach's music. And there is no denying it is an impressive synthesis—certainly defensible; for some, perhaps, revelatory.

### Paintings from U.S. collections for RA

Paintings by Rembrandt, Breughel, Van Gogh, Renoir and Picasso are among the important works which will be exhibited at the Royal Academy in London from Monday September 8 to Saturday September 13 before being auctioned at Sotheby Parke Bernet in New York in October.

These works come from the collection of the late André Meyer, financier and benefactor of the newly-opened André Meyer Galleries at the Metropolitan Museum of Art, and the collections of the late Mrs. Helen Janssen Wetzel.

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value | Unemployed | Vacs. |
|---|---|---|---|---|---|---|---|
| **1979** | | | | | | | |
| 1st qtr. | 110.4 | 102.5 | 98 | 100.7 | 134.0 | 1,351 | 234 |
| 2nd qtr. | 114.8 | 107.0 | 107 | 106.2 | 144.8 | 1,299 | 256 |
| 3rd qtr. | 112.6 | 103.1 | 99 | 99.5 | 144.6 | 1,269 | 247 |
| 4th qtr. | 112.5 | 103.8 | 106 | 101.7 | 151.9 | 1,286 | 230 |
| **1980** | | | | | | | |
| 1st qtr. | 110.3 | 100.7 | 98 | 103.2 | 157.8 | 1,379 | 193 |
| 2nd qtr. | | | | 101.5 | 161.3 | 1,492 | 160 |
| Feb. | 110.3 | 101.1 | 97 | 103.9 | 158.5 | 1,383 | 191 |
| March | 108.9 | 98.4 | 108 | 102.6 | 159.4 | 1,414 | 181 |
| April | 107.2 | 98.4 | 99 | 102.3 | 161.0 | 1,458 | 169 |
| May | 106.9 | 97.0 | | 100.6 | 160.2 | 1,484 | 163 |
| June | 108.2 | 98.2 | | 101.6 | 162.4 | 1,535 | 147 |
| July | | | | | | 1,606 | 126 |

**OUTPUT**—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, *textiles, leather and clothing (1975=100);* housing starts (000s, monthly average).

| | Consumer goods | Invst. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| **1979** | | | | | | | |
| 1st qtr. | 105.9 | 99.1 | 127.0 | 98.7 | 98.4 | 100.0 | 12.9 |
| 2nd qtr. | 108.8 | 102.7 | 133.1 | 102.6 | 110.0 | 103.4 | 21.3 |
| 3rd qtr. | 105.9 | 95.9 | 132.3 | 94.7 | 103.8 | 100.6 | 21.0 |
| 4th qtr. | 105.0 | 101.0 | 129.5 | 98.9 | 102.6 | 96.0 | 18.1 |
| **1980** | | | | | | | |
| 1st qtr. | 105.2 | 101.7 | 124.0 | 99.3 | 60.3 | 91.9 | 12.3 |
| Jan. | 107.0 | 103.0 | 126.0 | 102.0 | 62.0 | 95.0 | 13.2 |
| Feb. | 106.0 | 104.0 | 123.0 | 101.0 | 55.0 | 92.0 | 11.4 |
| March | 103.0 | 99.0 | 124.0 | 95.0 | 64.0 | 89.0 | 12.2 |
| April | 102.0 | 98.0 | 121.0 | 95.0 | 82.0 | 88.0 | 15.0 |
| May | 100.0 | 96.0 | 123.0 | 93.0 | 94.0 | 85.0 | 17.0 |
| June | 102.0 | 96.0 | 125.0 | 94.0 | 97.0 | 87.0 | 16.6 |

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| **1979** | | | | | | | |
| 1st qtr. | 109.0 | 116.9 | −1,588 | −1,215 | −235 | 107.0 | 16.78 |
| 2nd qtr. | 135.3 | 128.9 | −486 | −357 | −229 | 160.4 | 21.69 |
| 3rd qtr. | 129.8 | 128.1 | −493 | − 83 | −158 | 106.8 | 23.18 |
| 4th qtr. | 129.3 | 128.9 | −745 | −711 | −157 | 103.7 | 22.54 |
| **1980** | | | | | | | |
| 1st qtr. | 131.3 | 126.5 | −723 | −417 | −126 | 100.7 | 24.87 |
| 2nd qtr. | 129.2 | 124.8 | −299 | −149 | + 19 | 102.4 | |
| Feb. | 136.5 | 128.9 | −232 | −130 | − 45 | 100.6 | 23.93 |
| March | 127.7 | 122.7 | −176 | − 74 | − 5 | 100.6 | 26.95 |
| April | 127.2 | 127.6 | −264 | −214 | + 44 | 101.8 | 28.01 |
| May | 130.2 | 121.4 | − 18 | + 32 | − 10 | 102.0 | 28.28 |
| June | 130.3 | 125.3 | − 17 | + 33 | − 15 | 103.4 | 28.17 |
| July | 129.8 | 118.5 | +261 | +311 | +102 | 103.8 | 28.27 |

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Bank advances % | DCE £m | BS inflow | HP lending | MLR % |
|---|---|---|---|---|---|---|---|
| **1979** | | | | | | | |
| 1st qtr. | 7.2 | 8.4 | 32.6 | +1,296 | 777 | 1,581 | 13 |
| 2nd qtr. | 5.2 | 15.6 | 28.5 | +2,628 | 777 | 1,867 | 14 |
| 3rd qtr. | 12.0 | 11.2 | 13.2 | +3,642 | 933 | 1,879 | 14 |
| 4th qtr. | 14.4 | 15.6 | 22.6 | +2,977 | 839 | 1,954 | 14 |
| **1980** | | | | | | | |
| 1st qtr. | −4.0 | 7.2 | 21.9 | +1,723 | 634 | 1,974 | 17 |
| 2nd qtr. | −1.5 | 10.7 | 23.3 | +3,186 | 697 | 1,972 | 17 |
| Jan. | −6.9 | 8.1 | 22.6 | + 737 | 235 | 668 | 17 |
| Feb. | −6.7 | 6.1 | 20.7 | + 271 | 199 | 665 | 17 |
| March | −2.3 | 7.5 | 25.4 | + 711 | 200 | 641 | 17 |
| April | −4.0 | 4.8 | 18.8 | + 695 | 266 | 675 | 17 |
| May | 4.0 | 12.6 | 21.9 | +1,144 | 225 | 621 | 17 |
| June | −4.9 | +21.4 | 28.8 | +1,352 | 206 | 676 | 17 |
| July | 11.2 | 42.0 | 51.4 | +3,502 | 340 | | 16 |

**INFLATION**—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

| | Earnings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| **1979** | | | | | | | |
| 1st qtr. | 144.2 | 153.4 | 161.6 | 208.9 | 218.8 | 268.88 | 64.0 |
| 2nd qtr. | 147.3 | 163.3 | 168.0 | 216.5 | 225.2 | 293.55 | 67.4 |
| 3rd qtr. | 154.2 | 169.9 | 176.4 | 231.1 | 231.9 | 301.66 | 71.0 |
| 4th qtr. | 161.7 | 183.9 | 181.8 | 237.6 | 237.2 | 295.13 | 68.8 |
| **1980** | | | | | | | |
| 1st qtr. | 167.7 | 197.6 | 191.5 | 248.8 | 247.5 | 284.47 | 72.4 |
| Jan. | 178.9 | 201.3 | 199.1 | 263.2 | 255.9 | 299.14 | |
| Feb. | 167.3 | 197.6 | 191.5 | 248.8 | 246.7 | 304.27 | 73.2 |
| March | 172.8 | 200.4 | 194.3 | 352.3 | 251.1 | 284.47 | 72.6 |
| April | 175.0 | 202.3 | 197.0 | 260.8 | 254.1 | 275.67 | 72.6 |
| May | 178.1 | 200.4 | 199.1 | 263.2 | 255.7 | 268.23 | 74.3 |
| June | 183.6 | 201.1 | 201.2 | 265.7 | 257.9 | 267.45 | 74.4 |
| July | | 201.9 | 203.1 | 267.9 | 259.9 | 273.57 | 74.7 |

* Not seasonally adjusted.

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Thursday August 21 1980

# Silly season in Lombard St.

HOLIDAY DISRUPTION spilled over into the money markets yesterday, when the Bank of England's great money-back offer on Government Stock reached its climax in a free-for-all. Because of an unfortunate clash of holidays—or perhaps some of those concerned were actually trapped in a French port, and it is all part of the silly season sensation — one or more major banks found themselves inadvertently and severely short of reserve assets on make-up day. After a flurry which drove overnight money market rates up to 27 per cent the Bank of England—also short-handed—offered virtually unlimited assistance.

### *Disbelief*

The whole history of these strange events, which must have some of the foreign bankers in the City rubbing their eyes in disbelief, goes back to the fact that the authorities sold more long-term Government stock than was necessary for public sector funding earlier this year. Gilt sales normally follow a tidal pattern, but in the past the authorities have been able to feed liquidity back into the market through Treasury Bill redemptions. The Government, in fact, was funding its own short borrowing.

This year, however, the aim of funding has had to be wider. The high level of private demand for bank loans has forced the Government to try to offset this by over-funding, with the aim of mopping up the bank deposits which financed this lending. The obvious alternative, a limitation on private lending, would have entailed bankruptcies.

The trouble is that when the Government is in effect trying to fund industry's borrowing rather than its own, the supply of short Government debt — the basic reserve asset of the British banking system — tends to dry up. Hence the spectacle of the Bank of England apparently pumping money into the system. The authorities, faced with a quite inadequate flow of Treasury bill maturities, have been lending money against commercial bills, long Government stock, and export credits. City wags have remarked that it can only be a matter of time before the Discount Office takes luncheon vouchers.

Until yesterday, the aim was simply to stabilise interest rates. The authorities had no wish to allow a successful effort to control the money supply — or so they believed until a fortnight ago — to drive rates still higher. There are good reasons for this: the state of the economy and the level of sterling show that money is too tight for comfort, and in any case, funding is easiest when rates are tending to move down, not up.

Yesterday, however, the aim was quite simply to reduce the growth of the Government's chosen money supply statistic. The high overnight rates were attracting not only operators in the money market, but outside customers of the banks, who saw the chance to borrow money overnight at overdraft rates and redeposit it at much higher rates. The banking "corset" was invented partly to stop this round-tripping: the practice has reappeared promptly enough to show that the problem was real.

### *New sources*

Everyone concerned with British monetary management has long been used to the peculiar rules which dictate that a squeeze is administered by scraping the barrel of institutional funds awaiting investment, and feeding part of the proceeds back into the banking system.

As long as the problem was funding the public sector itself, there was a kind of underlying logic. The past few months have shown, however, that it is not so logical to use the same system to offset private borrowing. That is why the authorities are now so actively interested in seeking new sources for Government funds, and leaving room in the capital markets for industry to fund its own short debt.

Meanwhile the authorities may well be congratulating themselves on at least getting a firm grip on the banking system; the financial crutch which has been offered could always be snatched away and used as a club. True; but it is still an odd way to run a monetary system.

# Testing times for Brazil

IN THE frankest terms they have so far used the Brazilian authorities have given a warning about the strains now being placed on the economies of those developing countries which are having to import oil to satisfy their energy requirements. Sr. Ernane Galveas, the Brazilian Finance Minister, has warned of the gravity of the crisis which could face the world of international finance next year if nothing is done to relieve the debt burdens these countries are bearing. He suggested that the multilateral financial institutions such as the World Bank should take over more of the task of recycling the surpluses of the oil exporting countries and thus lift some of the weight of responsibility for financing the developing country's deficits from the shoulders of the commercial banks.

### *Foreign debt*

Some of his words echo recent statements by the Brandt Commission and the World Bank. The prime example of a developing country which has got itself into very grave debt is Brazil itself. Brazil's strategy of building up a large foreign debt was decided, it is fair to recall, long before the oil crisis which developed in the mid-1970s.

Successive Brazilian Governments from the late 1960s onwards made a conscious decision to borrow all they could in foreign financial markets with the dual aim of boosting domestic growth rates and tying their country's economy very closely to the western industrialised countries.

They succeeded in both purposes. A decade ago the Brazilian economy was expanding at the rate of 10 per cent a year. By now the amount of borrowing that the public and private sector in Brazil has contracted, which today exceeds $50bn, means that the industrialised western countries must keep a very sharp eye on Brazil and on its ability to service the massive sums it has borrowed from them.

The size of the Brazilian debt may well be much bigger today than the strategists imagined when they laid their plans a decade ago—they could hardly have foreseen the extent of the increase in international oil prices. But the country's present position is not exclusively due to these rises.

The rate of inflation is once again over 100 per cent and there are few signs that it will abate soon. Ironically the cost of living today is rising almost as fast as in 1964 when the military took the reins of government from civilian politicians and pledged themselves to attack inflation as one of the first priorities.

Nor can Brazil's trade account offer much consolation to Professor Antonio Delfim Neto, the Planning Minister and economic overload.

Despite an increasingly tight squeeze on imports and vigorous measures to push exports Brazil notched up a deficit of $2bn on its trade account in the first half of this year. Brazil is now in the unenviable position of having to borrow merely to meet its oil import bill and its debt servicing obligations.

It would be unrealistic to suppose that this situation could be easily and rapidly overcome by some *hitherto* neglected source of export revenue or by the quick development of domestic energy sources which would cut the oil bill. There are no new things to export and the projects to distil alcohol from sugar cane may take many years to make any impact on the demand for imported oil. Drilling for new domestic oilfields has not proved the bonanza that the government once hoped it would be.

### *Impasse*

In short the Brazilian economy is in severe straits and the Figueiredo government's administrative skills are likely to be tested even more exhaustively in the future than they have been in the past.

The danger of an impasse in financing Brazil's external indebtedness is clearly growing. In recent years the commitment of Western bankers to Brazil has been based partly on the country's outstanding growth prospects—its raw material resources, its increasing sophistication in manufacturing and the size of the internal market. The fact that Western companies are heavily involved in Brazil's industrialisation as suppliers and investors has also been an important factor. But an essential element has been the credibility of the authorities' internal economic policies. It is this which need to be urgently re-established if the confidence of the international financial community is to be maintained.

Our correspondents in New York and Washington look at the latest signals from the U.S. economy

# An uncertain sort of recovery

**By DAVID LASCELLES in New York**

LIKE a prize boxer felled and apparently knocked cold in the 10th round, the U.S. economy has amazed and surprised spectators by making a valiant effort to prise itself off the canvas with the count still only at five.

Whether it makes it back on to its feet is still an open question. But the mere fact that it has shown signs of life long before most people expected it has been enough to bring about a sharp change of perceptions in Wall Street, and even make people worry that things are moving too fast.

To some extent, this week's rise in the prime rate—the first since it peaked in April—can be traced to uncertainties about what the future holds, and how the authorities, notably the Fed, will react. Even the stock market, which has been impervious to bad news for the last five months, suddenly got cold feet this week and lost 26 points in only two days.

Last week's explosion in the money supply, coming in the wake of this summer's steady resurgence, pushed the rate well over the Fed's short-term targets and spawned fears that the Fed might be forced to clamp down on credit again.

In fact, nothing of the kind has happened. The Fed has, if anything, tried to calm the market down this week by supplying reserves funds at critical moments. And the feeling is growing that last week's record jump may turn out to be a freakish technical blip which will be largely cancelled by a sharp drop this week.

The first signs that the economy might be bouncing back came over a month ago when statistics showed a sharp and largely unexpected reversal in the housing slump. At the time it seemed like a blip, and many people dismissed it. But then more figures started trickling in, indicating a slight pick-up in retail sales, and even car sales. But the starkest evidence of all came with the Index of Leading Economic Indicators for June which showed a sharp 2.5 per cent gain. This was far more than most people had expected, and it may yet be revised downwards. But it seemed to confirm at least the beginnings of a trend.

These early glimmerings made a particularly strong impact because they came hot on the heels of predictions that the U.S. was heading for possibly the second worst recession since World War Two (the worst was the last one, in 1974-75, when an already weak economy was battered by oil price rises). These forecasts were based on a number of factors.

- It was expected that the Administration's swingeing anti-inflation package in March (containing severe curbs on credit card use and bank lending) had come too late and would only aggravate a recession which was deemed to have been under way since late January anyway (though this was not yet evident in March).
- The economy had gone into what could only be described as a tailspin in the second quarter, with GNP declining at an annual rate of over 9 per cent.
- It was felt that even if the economy levelled out, it lacked the spark to make a quick recovery.

Add all these together, and it was not expected that things would get going again before the final quarter of this year at the earliest, more likely in the first quarter of next year. However, in retrospect this interpretation of events overlooked one or two rather salient points.

One was that a couple of the country's most important industries, automobiles and housing, went into recession not in January, but in the middle of last year and had already hit bottom by the time that the rest of the country noticed that GNP had begun to decline. By late May this year, housing was already on the way up again, aided by the spectacular fall in interest rates and mortgages that followed the March credit package. And in June, the rate of new building rose by no less than 30 per cent.

The turnaround in autos was less spectacular. Sales hit bottom in April, when they slipped below an annual rate of 5m (compared with a peak of nearly 11m this time last year). Since then they have edged slowly back up again, closer to the 6m level. They are still more than 30 per cent below the comparable period last year, but at least the trend is upwards. When the new 1981 models come on the market next month, sales will probably get an extra boost.

Does all this amount to a recovery? Certainly the worst of the slump seems to be over, and some economists have begun to predict a rise in GNP for the final quarter of this year. But while this may be good news for the millions of unemployed, and even for the Carter Administration, it is not a prospect which Wall Street views with undiluted joy, as this week's nervous sell-off in both the stock and bond markets indicates.

The main problem, as analysts see it, is that the recession is in danger of evaporating before it has had its cathartic effect on the economy. Whether or not last spring's tough measures were actually engineered by the White House and the Fed, at least their purpose was to cool the economy down, rebuild the shattered credit markets, and bring prices back under control.

The measures certainly succeeded in the first two aims. Production is down sharply, as is consumer debt, and interest rates are back to pre-crisis levels. But inflation could hardly be described as down to acceptable levels. Consumer prices rose 1 per cent in June, leaving the Consumer Price Index 14.3 per cent above June 1979. And though declining interest rates will help slow the index's rise over the next couple of months, the latest Wholesale Price Index was up 1.7 per cent owing to higher food prices, and this could lift the Consumer Price Index up again in the months to come.

There is thus a danger that the economy will enter its next upward cycle from a higher inflation base than before, in which case it may find itself heading straight back into another crisis. At the same time, it would be departing from a higher interest rate base.

If the new cycle realy does date from this month, it will have set off from a prime rate of 11 per cent against a prime of 6 per cent in the previous cycle and 5 per cent in the cycle before that. However, the interest rate cycle rarely coincides exactly with economic recovery, and it is quite possible that interest rates will edge down a bit further in the coming months, even as activity picks up, because of the slack in the economy.

The recent upturn in the money supply has already fuelled expectations in Wall Street that the central bank will have to tighten interest rates again to keep the recovery in check. If so, there is the danger that the recovery would be aborted altogether. The sharp rise in mortgage rates over the last fortnight has already put the housing recovery in doubt, for instance.

OUT OF A JOB: Terry Griffin, formerly a General Motors machine operator, leaves a claims office in Detroit, Michigan. The state's unemployed, more than 600,000, represent over 14 per cent of the labour force.

# Carter seeks to regain economic initiative

**BY DAVID BUCHAN IN WASHINGTON**

NEXT WEEK President Carter is due finally to unveil his long-term "economic renewal" programme in an effort to steal the centre of the economic stage in the two and a half months before the election.

The Administration has been hesitant about whether this should be accompanied by a commitment to a general tax cut in 1981 although the signs now are that it will be. Republican leaders and many Democrats in Congress are clamouring for this to offset the "fiscal drag" of tax increases already due next year.

But policy makers are still busy mulling the meaning of the recent upturn. Does it portend an unexpectedly early start to the economic recovery? Or is the modest improvement shown so far merely an aberration?

As yet there is no consensus within the Administration. White House officials know that the Federal Reserve—the nation's independent central bank—attaches first importance to controlling inflation and maintaining the value of the dollar. Getting Jimmy Carter re-elected is not part of its official mandate.

Any concerted move by the Fed to raise interest rates again will undoubtedly bring accusations from the White House that the central bank is trying to kill off the incipient recovery.

Since Mr. Paul Volcker took over a year ago, the Fed's relations with the White House have generally been good. The central bank chairman has acute political antennae and will tread carefully, but he came into his job as a "conservative" and has given every sign that he intends to remain one.

At least no one quibbles with one of the Federal Reserve governors that "the steep decline we've had has been broken." There is agreement between the different branches of government in Washington on two further points.

First, the recession is still here, and the GNP will show a further real decline in the July-September quarter from the precipitous 9 per cent drop in the second quarter. Industrial output, a main component of GNP, fell 1.6 per cent in July.

Second, the recovery, whenever it comes, will be slow.

"We would be well advised to tolerate a gradual recovery." Mrs. Courtenay Slater, the Commerce Department's chief economist, says. Because of the danger that a sudden economic quickening could re-ignite inflation. The July consumer price figures out tomorrow are not expected to show much relief, with further food price rises offsetting lower mortgage costs and the slowdown in energy price increases.

Mr. William Miller, the Treasury Secretary, justifies inaction because the economy is "self-healing." The Administration has taken to reminding Americans that the 1980 recession is their seventh since the Second World War, as though recessions were like volcanos—natural disasters over which administrations have no control.

White House economic advisers make no apology for squeezing the economy in March with credit controls it requested the Fed to impose. Likewise, Mr. Carter dissociated himself in New York this month from the Democratic Convention's call for job creation programmes, and reminded his party's delegates that the twin economic evils are still inflation and recession/unemployment.

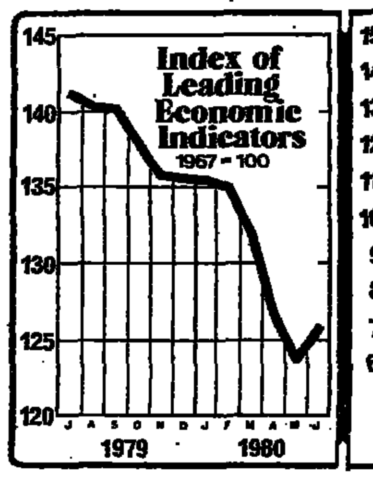
However, unemployment is now the first priority in precisely those big industrial states in which the President is in deepest electoral trouble. Even though it is virtually impossible for the Administration to get people back to work before the November 4 election, some gestures are clearly in order.

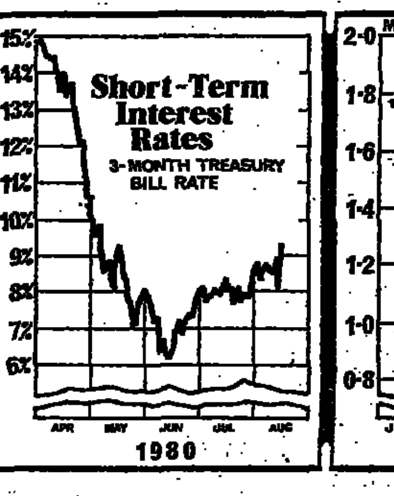
Next week's "Economic Renewal" programme therefore is likely to make much of how many jobs will be created in the 1980s in the publicly financed or guaranteed development of alternative energy sources and the revamping of America's aged public transport, rail and port facilities.

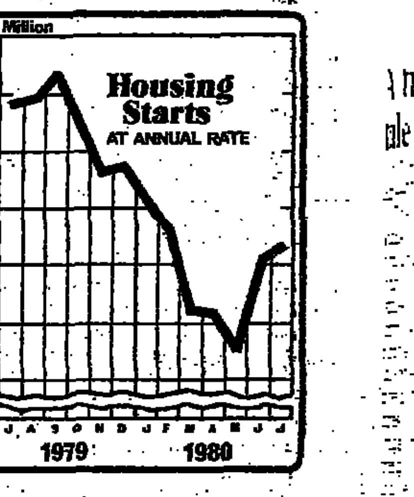
The Administration is also said to be considering creating a sort of European-style industry department, with no new money behind it but grouping functions now scattered around the Washington bureaucracy in an attempt to regenerate key sectors.

In line with this, the Administration wants to make a tax cut gesture, but does not want Congress to push anything through in a pre-election rush.

Signs of economic recovery may already be dampening the tax-cutting fervour on Capitol Hill. If the economy is turning up, the Administration can justifiably argue that the stimulus of a quick tax cut is not needed. In fact, the House of Representatives is already dragging its feet behind the Senate on the tax cut issue.




# MEN AND MATTERS

## The empire strikes back

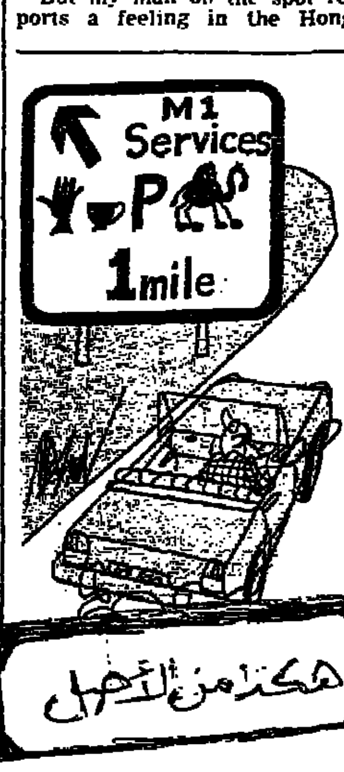
ALMOST as a footnote to the epic battle for control of Hong Kong and Kowloon Wharf and Godown, comes the announcement that David Newbigging, chairman of Jardine Matheson, the princeliest of "Hongs," plans to vacate the Wharf chair for Sir Yue-Kong Pao.

Pao sailed an oil-tanker majestically round the colony's takeover code in June to increase his stake in Wharf to 49 per cent at a cost of £200m, drummed up with a few weekend telephone calls. It was in recognition of this fait accompli, rather than any direct pressure from Pao's interests, that Newbigging made what he tells me was "my decision to step down."

"I don't normally give telephone interviews at 7,000 miles distance at 10 o'clock at night," was Newbigging's mild reproach when I spoke to him, though he was happy to reassure me that he has no plans to retire from any of his other positions.

But my man on the spot reports a feeling in the Hong Kong business community that there could have been little love lost between Pao and Jardine Matheson after it was discovered that many of the Wharf shares which he bought at a substantial premium were fed straight in from Hong Kong Land, a company closely linked with Jardine, which had sought to extend its own stake in Wharf only days previously.

It remains to be seen how dearly Pao paid for Wharf, which on the basis of recent local auctions may include the second most valuable piece of property in the world, after Hong Kong Central district. But in the face of such Chinese determination to beat the European "Hongs" on their home ground, what steps, I asked Newbigging, was Jardine Matheson taking to shore up control of such attractive bastions of the empire as Hong Kong Land? "There is really," he replied judiciously, "nothing I can say about that at all."




## Pax Britannica

"The Chinese," says Encyclopaedia Britannica president Charles Swanson, "have been starved of modern knowledge for many years." But all that will change four years hence, when the people will have their first taste of a rich diet available in the West for the past two centuries.

That is Swanson's estimate of the time needed to translate into Chinese his company's 10-volume Micropaedia—from Aabenraa to Zywny — edit "certain articles where there is controversy," and run off the initial print order of 50,000 eight-volume sets.

Eager to get back into business after years of imprisonment under the Gang of Four, the principals of the Greater Encyclopaedia of China responded rapidly to Swanson's overtures, and signed in Chicago this week a deal which earns Britannica undisclosed sums in royalties and advisory fees plus the right to sell the new version in all countries outside the People's Republic.

Apart from the great cultural leap forward, the agreement marks yet another advance in Peking's economic rapprochement with the West. Notorious as publishing buccaneers, the Chinese have not in the past concerned themselves with foreign authors' or publishers' dues.

They cannot, explains Swanson, sign any international copyright agreements until they have laid down their own national legislation.

## Two heads . . .

Brown Shipley and Co. is one of the more bijou members of the Accepting Houses Committee, those paragons whose virtues the Bank of England will defend to the last ditch. Tucked away behind its sculptured doors in Moorgate, it has been since its foundation in 1863 a nursery for statesmen, including Edward Heath — who used it like a revolving door through the ins and outs of his political career—Lord Chandos, and two governors of the Bank of England.

What future, then, for James Reed and Peter Thurbin, newly appointed to the joint managing directorships of the bank? One likely task will be to beef up last year's sagging profits.

Reed demurred at my suggestion that the creation of the managing directorships signified a perceived need for stronger management. The fact is, he told me, that the growth of BS over the past five years left chairman Peter Dunn effectively combining the roles of chairman and chief executive, and travelling endlessly between Britain, the Channel Isles, and Panama, where some of the bank's principal interests lie.

## Country life

Being grounded is obviously good for Aubrey Wilson. The jet-lag bags under his eyes have shrunk remarkably in the few months since family responsibilities more or less confined him to Britain, and he is plainly relishing the opportunity for reflection and reapplication of some of the fundamental skills of his trade.

Better accustomed to flying endlessly round the lecture platforms of the world, the peregrinatory "retired" founder of Industrial Marketing Research is lately growing used to less modish travel: astride a miniature tractor, clipping his way across the half-acre of greensward round his country home.

Putt-putting across the lawn composing articles and lectures as he goes, he has also plucked a new notion from his 20-odd years of experience: the rapid marketing audit. "With highly sophisticated tools," he enthuses, "I have turned out something very basic." Consisting of a one-day visit to a company followed seven days later by a report and recommendations, the audit is basic indeed, but he claims to have proved its value in practical application with 30 or 40 concerns.

Better used to dealing with the complex corporate tangles of his major consulting clients, he brims with revivalist vim over the satisfaction of using fundamental techniques to aid and enlighten more modest concerns like a tunnel-visioned Midlands spring manufacturer winding down because of the decline in the motor industry.

## Red herring

"I'm afraid I can't offer you much," the lady of the house told her ragged caller, "but would you like some fish pie left over from last night?" "Wonderful!" beamed the tramp.

"Fine," she replied, "come back tomorrow morning."

***Observer***

ECONOMIC VIEWPOINT

# A glossary for the summer holidays

THERE IS A risk that after this article appears none of my colleagues will speak to me again and that my sources of information will close down for ever.

For I propose to explain a few of the expressions—the modern equivalents of "usually reliable sources" and "informed circles"—designed to cover up the source or meaning of newspaper articles. If you think this is just a holiday jest, remember the proverb about "Many a true word. . . ." Journalistic newspeak is in constant evolution and revised editions will be required from time to time.

Many of these circumlocutions have a common root. That is the lack of clearly stated *rules for using information.* In the U.S. in the 1950s when a "senior Administration official" threatened the Russians with massive retaliation, this meant that John Foster Dulles had *given a briefing.*

But in Britain it is all much less clear-cut. "Be careful with this" or "Don't use this directly" or "Make sure it doesn't get back to me" leaves everything to the discretion of the individual journalist.

*What then happens* is a matter of luck. The very same degree of revelation can lead to reprimands for breaking confidences or "congratulations on a first class article," depending on how authority has reacted to it. Indeed I have even had both comments in succession on the same article—the reprimand, when a senior official got nervous, and the congratulations when a Minister turned out only too delighted to see something in print. The risk in these non-rules is that an article which gives political pleasure is hardly ever a breach of confidence.

These problems will arise in any country between journalists and any friends they have in government. The difference is that in Britain they will arise between people who are not even friends.

## International

*Sweetshop economics.* The Foreign Secretary (of any country) talking about the Chancellor or Finance Minister.

*Parochial, insular.* Foreign Office words for concern for living standards of own citizens. (See also "Butter, price of.")

*Matchstick economics.* What Finance Ministers think of imaginative ideas of Foreign Ministers or Heads of Government.

*Imaginative.* British Treasury word used to pour cold water on an idea. (See also Lord Bridges.)

*A European solution.* The Brussels Commission wants to spend more money.

*Social forces* (see also Eurospeak). Euphemism for trade unions. Reflects a mixture of guilt and fear. Used mainly by officials, academics and bankers on Continent of Europe.

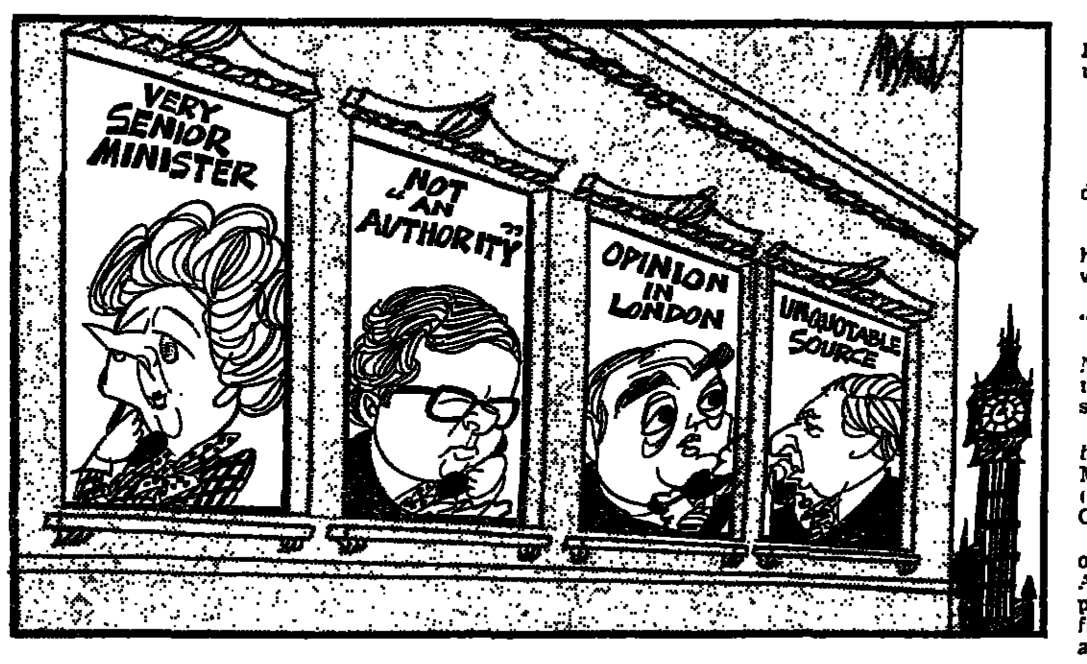
*Threat of retaliation.* Last-resort argument of governments who cannot explain or do not know the real arguments against import controls.

*International commodity agreement.* Cartel to raise prices and keep out new producers.

*North-South dialogue.* See above.

*An international solution.* I am stumped for an answer, but let's have a summit.

*Structural reform.* Giving taxpayers' money to loss-making producers.




*Dumping.* I can't sell my products.

*Social consensus.* High exchange rate (when applied to Austria).

*Destruction of industry.* High exchange rate (applied to UK).

*Economic miracle.* Single figure rates of inflation and unemployment.

*Eurocommunist.* Communist.

## Journalese

*Opinion in London* (or Brussels or Paris or Washington, etc.). A Minister or official whom I happened to meet.

*Opinion in the City, financial opinion, market opinion.* A broker's or banker's circular.

*How things seem to the President* (or Prime Minister or other eminent person). A word-by-word account of what the President or Prime Minister told political correspondents last night.

*A surprise figure.* My guess was completely wrong.

*As expected.* My guess was right.

*Is being considered.* Journalist wants to blame his source if story is wrong. Source wants to blame journalist.

*X may happen.* Or it may not.

"[illegible]" Readers cannot hope to understand (nor probably can the author).

The passive tense, e.g. *It is believed that.* Someone has said "You mustn't use it, even as background" or "Heaven help you if the source is traced back to me."

*Expert opinion is coming to the conclusion that. . . .* As above, except that informant is not a politician. Real experts are never cross if they are quoted, only when they are not.

*An official spokesman had no comment to make.* The report is probably true.

*An official spokesman would neither confirm nor deny.* See above.

*He described it as speculative.* It is definitely true and an announcement is imminent.

*Provocative and tendentious.* Probably true, but he wishes to goodness it had not appeared.

*Not available for comment.* I couldn't get hold of him.

*Friends of Mr. X.* Mr. X told me.

*Not a million miles from Mr. X.* More flippant way of saying same.

*I am not allowed to say where I found this.* A way of building up a story.

## Editorialising

*More thought is required.* I don't know what to suggest.

*We need a plan.* See above.

*The market will decide.* I haven't the faintest idea what will happen.

*Some of us.* Way of saying "I" without using first person.

*Has been pointed out before. Not for the first time.* I am trying not to write "I told you so."

*The Prime Minister has been badly advised.* The Prime Minister got it all wrong. (Usage more common under Conservative governments.)

*Social democrats.* Politicians of whom the writer approves. Alternative usage: politicians or policies which do not have the faintest chance of being accepted by the Labour Party.

*Marxist.* Lazy term of disapproval, to avoid trouble of giving reasons.

*Monetarist.* As above.

*Extremist.* As above.

*I am not a monetarist, but . . .* I have become a monetarist, but please love me still.

*Politically impossible.* I have run out of good reasons for objecting. (See also "unacceptable.")

*Reflation.* See inflation.

*Monocausal* A specialised term of abuse. (See also Denis Healey.)

*Law of the jungle.* Use of markets to regulate activity.

*Social market economy.* As above.

*Social.* A "hurrah" word.

*Confrontation.* A "boo" word.

*Rigid. Doctrinaire.* "Boo" words.

*Not an accident that . . .* Relatively safe way of throwing mud at someone.

*Keeping options open.* I haven't a clue.

## British disease

*The Chancellor* (when used frequently). A hint that the policies come from permanent Treasury officials on whom the writer wants to pin the blame.

*Sir Geoffrey Howe, Mr. Denis Healey, etc.* (when used frequently). On the contrary: the credit or blame (usually the latter) is due to the politician in charge.

*The Treasury and Bank.* The informant is anxious not to be identified. Therefore one widens the net of suspicion as much as possible.

*Mainstream Treasury.* Sir Douglas Wass, the Permanent Secretary.

*The Authorities.* The Bank of England. Journalists found that by talking about "the authorities" they could publish what they were told by the Bank without being accused of a breach of confidence. Non-specialists often think that it means political leaders—whom the Bank is never sorry to see carry the can.

*Very senior Ministers.* The Prime Minister.

*Senior Ministers.* One senior Minister. In an economic article almost certainly the Chancellor.

*Ministers.* One Minister. Occasionally it is an adviser and one is taking a gamble that the advice will not be repudiated.

*Economic Ministers.* I have just had lunch, but not with the Chancellor.

*There is a disagreement between the Treasury and the Bank.* A last resort way of making sure that an article is read where it matters. (Fading through over-use.)

*Fuddy duddy.* Way of being rude about the Bank of England.

*The economic establishment.* Sir Kenneth Berrill, Prof. Robin Matthews, Michael Posner, Sir Douglas Wass, Sir Donald MacDougall, Christopher Dow, David Worswick.

*Tory liberals.* A contradiction in terms. But see Gilmour, Prior, Walker, Carrington. See also "wets."

*An influential Backbencher.* Mr. Edward du Cann.

## Negotiating

*Social contract.* Anti-social agreement to give unions extra privileges for promises they cannot deliver.

*Incomes Policy.* Wage and price controls. Alternative usage (in reference to Germany and Austria): hard money policy, euphemism for.

*Voluntary Incomes Policy.* As above, but enforced, if at all, by threats and bribes.

*Reform of the labour market.* Real wage reductions.

*Drop in inflation.* A rapid rise in prices, not quite as bad as in previous months.

*Money does not grow on trees.* Remark of employer before giving way to union demands.

*Productivity Agreement.* See above.

*May be a basis for negotiation.* Remark of union leader on being offered far more than he dared to hope for.

*My members will not wear this.* Our research officer rejected this some years ago and can't be bothered to think again.

*Money on the table.* We want more.

**Samuel Brittan**

P.S.

*The story was OK, but the headline was wrong.* Go blame someone else.

# Letters to the Editor

## A traveller's tale

*From Mr. B. Cross*

Sir,—Your interesting article on "*The travel money jungle*" (August 16) makes a good case for taking some at least of your holiday cash in travellers cheques in the currency of the country you are visiting. Indeed for travellers who enjoy the less frequented parts of Europe as opposed to tourists who stay at centres which cater for the average holiday maker's needs, sterling cheques are frequently unusable for the reasons that Mr. Alan Friedman gives.

*There* is, however, a catch which my wife and I discovered last May while spending a holiday in the northern hills of Sicily.

Within half an hour of picking up our hired car at Catania airport and while driving through the crowded streets of the city en route for the Messina autostrada, a motor cyclist slowly but deliberately drove into us. I stopped abruptly and the car suffered nothing worse than an angry kick in the radiator grille from the cyclist. While our attention was distracted a boy slipped out of an alley, wrenched the passenger door open and took my wife's handbag which was on the floor between her feet. The bag contained her passport and half of our holiday travellers cheques and English and Italian bank notes.

After a laborious dialogue at the Questura conducted in our fragile Italian we resumed our journey in possession of an impressive police document and immediately instructed our bank to stop the stolen cheques.

My English cheque card and cheque book comfortably restored our finances; even a small village bank handed over Lira 100,000 for a British bank cheque with courtesy and little more than a quarter of an hour's interesting company with fellow customers.

When we got home however, *and began negotiations with the* holiday insurance firm we discovered that Italian banks will not refund the full value of "stopped" cheques but only what portion is not frauduently presented and cashed and then only after a year. The insurance company was unaware of this limitation though I believe we have now reached a settlement.

The moral is of course to lock yourself in your car when driving through large Italian cities and to make sure that *you can claim in full from your* insurance for all travellers cheques lost or stolen but promptly "stopped."

Brian Cross.
*Overmead, Monument Lane, Chalfont St. Peter, Bucks.*

## Returned to drawer

*From Mr. G. Tunbridge.*

Sir,—Recently I inadvertently dated a cheque *1979 instead* of 1980 which was returned to the payee by my bankers as out of date.

I believe under the Bills of Exchange Act their action was without legal basis but is explained by an agreement between the banks that any cheque over six months old shall be regarded as "stale." This agreed banking practice is to my mind counter-productive and, at a minimum, should be amended from six months to two years which would, inter alia, cover the present unofficial breaking of the rule every January. Ideally it should be abolished and cheques only returned if there are no funds to meet them.

The incorrect drawing of cheques is a well known dodge used by the unscrupulous to postpone *meeting their liabilities* and I am appalled by the stupidity of the banks in encouraging the practice in any way. I also resent that my own stupidity puts me, ostensibly, in the same category.

G. J. O. Tunbridge,
*1a Netherhall Gardens, NW3.*

## Limited cash

*From Mr. A. Murdoch.*

Sir,—I read with interest the article last Saturday on "The travel money jungle" by Mr. Friedman. This year for the first time when I went abroad I did not take travellers cheques but relied on using my Barclaycard. I had thought, as your article reports, that both Access and Visa allowed a special drawing facility. Certainly, however, I found that *this* was not the case in Singapore where I was.

The Hongkong and Shanghai Bank happily gave me *£50* and when I returned the following day told me that drawings were limited to £50 per week. This was the same at the Chartered Bank and the same at the Bank of America.

I think that travellers should know that it is not safe to rely on either Access or Visa than to get more than a very limited amount of cash.

A. W. Murdoch.
*3, St. Peter Street, Winchester, Hants.*

## Water supply charges

*From the Director of Finance, Anglian Water Authority*

Sir,—On August 16 you published a letter from Mr. Smith of Thrapston claiming an increase of water supply charges of 240 per cent; this statement was incorrect. Mr. Smith's properly calculated minimum charge for the last four months of £73.50 compares with his charges of £63.83 for each of the three preceding four-monthly periods. This is an increase of 15 per cent.

Terence Kerrigan.
Anglian Water Authority,
*Diploma House, Grammar School Walk, Huntingdon, Cambridgeshire.*

## Political donations

*From Mr. G. Bonwick*

Sir,—In his letter on donations by companies to political parties (August 19) Mr. Shaw states that shareholders "are not afforded the privilege of directly expressing their approval or otherwise." They are, for they can do so at AGMs and/or in correspondence. Their views will be heeded—and possibly even acted upon.

*For instance,* in 1975 I wrote to Ocean Transport and Trading, Liverpool, requesting the reason for its annual contribution to the Conservative Party. I was informed that the Board considered payments were justified because "given the virtual impotence of the Liberal Party the Conservatives appear to offer the only real support for the private enterprise system under which the company operates."

*In 1978,* however, although the company still operated under that system donations to the Conservative Party surprisingly ceased. At the May, 1980, AGM I sought the reason. I regret to say I did not receive a very satisfactory reply, merely that that was what the directors had decided! Perhaps, without *wishing to admit it, they had* taken heed of my expressed disagreement with all political donations by public companies? The fact that Liverpool acquired a Liberal MP in 1979 must surely have been pure coincidence!

George J. Bonwick.
Mercantile Consultants and Investments,
*17, Chestnut Avenue, Wokingham, Berks.*

## Gifts to Parties

*From Mr. R. Kimberley*

Sir, — Mr. Arnold Shaw (August 19) appears to be somewhat adrift in his reasoning. He defends his company on the grounds that one of its members comments on the contribution of £80,000 to the Labour Party is "rather strange." He claims that after having made the contribution the action of the *League Against Cruel Sports* was endorsed by its membership in a postal ballot. Would it not have been better to seek the endorsement before making the contribution for the result may well have been quite different?

In addition he states that members of companies which make donations to the Conservative Party are not afforded the privilege of direct approval or otherwise. I know of no properly constituted company which denies its members the opportunity to question the activities of the board of directors at a general meeting of its members.

The proof of the pudding is in the eating. A far greater majority of the electorate endorsed the Conservative manifesto than it did that of the Labour Party so how did the representation of a cross section of the electorate endorse his policy?

R. Douglas Kimberley.
*26, Binney Street, W1.*

## Seamless steel pipe

*From Mr. W. Whalley.*

Sir,—Mr. D. Henderson (August 11) comments on Japanese and Italian production of seamless steel pipe. Their lead over Britain not only in seamless, but also in electric welded pipe formed from plate, is rooted in historical reasons. At the end of World War II Britain was saddled with exchange control which only recently was lifted. In effect this provided British industry with a captive market, British users as well as foreign firms active here, were under pressure fom the Treasury to buy British.

Meanwhile pipe users were working to higher stresses world-wide. The Japanese became aware of their opportunity. Before laying out a new mill they would say to potential customers "this is what we are intending to do, if this is not good enough, just let us know and we will do whatever you want." There is reason to believe that British mills long remained unaware of the advanced specifications being used in the 1960s. Neither the British nor the Americans were capable of meeting the quality of pipe used on the Alaska line, or in the North Sea. These for the most part were seam welded, rather than seamless, it being easier to obtain higher working stresses in the former.

Some time ago you reported that British Steel was contemplating reopening its large pipe mill after a shutdown of several years. You also reported that it was having difficulty in rolling *flat plate from which the pipe is* made. The industry has, of course, been bedevilled by political and sociological considerations which seem not to bother the Japanese. Quality is paramount, steel enters into a multitude of the goods we export and insofar as our steel is inferior, so will be the manufactured article.

W. C. R. Whalley,
*105 High Street, Hungerford, Berks.*

## Sense of values

*From Mr. S. Alderson*

Sir,—The £2.7m voted on the nod by MPs to write off the catering deficit at the House of Commons is more than the £2.1m required this year for the 80-90 "alpha" projects, some of them world-leading research, which the Science Research Council has had to reject because of belt-tightening economies. Suitable cocktail chat at the forthcoming meeting of the British Association for the Advancement of Science?

Stanley Alderson,
*7 Highfield Avenue, Cambridge.*

## South African assets

*From Mr. J. Mervis*

Sir,—Your summary of the present state of the South African financial rand market (slowing down on the merry-go-round," August 16) could have referred to the anomaly that has persisted since the creation of that currency in February 1979.

The anomaly is that British companies with direct investments in South Africa still account for these assets at the old "official" (now commercial) rand rate of exchange in their annual accounts. The fact is, as your article mentions, that since the introduction of the liberalised exchange-rate policies proposed by the De Kock commission virtually all investment into and disinvestment from South Africa is conducted through the financial rand market. Yet this fact seems to have escaped the financial directors and accountants of companies with direct investments in South Africa which were acquired under the old "official rate" regime. Although the new system has been in existence for 18 months, in which time every company would have had a financial year end, I have yet to see a set of accounts where South African assets are valued for balance-sheet purposes by converting the rand book value thereof to sterling at the financial rand rate of exchange—the only rate at which those assets could be bought or sold in virtually all cases.

Certainly there is every reason to take distributed profits, i.e. dividends, received from South Africa at the commercial rand rate as they are payable at that rate, but to ignore the financial rand reality as regards assets is to present fictional balance sheet values for South African assets given that the financial rand is, as you state, worth only 60 per cent to 70 per cent as much as as the commercial rand.

Jonathan Mervis
*54 Fetter Lane, EC4.*

# Today's Events

**GENERAL**

UK: British Craft Fair opens, Wembley Conference Centre, (until August 23).

British Music Fair opens to the public, Olympia (until August 23).

Seventh European Festival of Model Railways opens, Central Hall, Westminster (until August 30).

Coldstream Guards Band plays in Paternoster Square, EC4, noon.

Overseas: Mr. Billy Carter to give evidence to U.S. Senate committee investigating his Libyan links, Washington.

**SPORT**

Golf: West German Open Championship starts, West Berlin, (until August 24). British Girls' Championship, Wrexham. British Youths' Championships, Royal Troon. Women's PGA Championship, Finchley.

Cycling: British Track Championships, Leicester.

**OFFICIAL STATISTICS**

Department of Industry issues second quarter provisional figures for capital expenditure by the manufacturing, distributive and service industries; and manufacturers' and distributors' stocks. Central Statistical Office gives the second quarter public sector borrowing requirement and details of local authority borrowing.

**COMPANY MEETINGS**

Burtonwood Brewery (Foreshaws), The Brewery, Burtonwood, Nr. Warrington, Cheshire, 11. R. Paterson, 77 Charlotte Street, Glasgow, 12.15. Renwick, Renwick House, Brixham Road, Paignton, Devon, 2.30. Scottish and Newcastle Breweries, King James Hotel, St. James Centre, Edinburgh, 12.

**COMPANY RESULTS**

Final dividends: F. Copson. Dale Electric International. A. and J. Gelfer. R. and J. Pullman. Reliance Knitwear Group. Interim dividends: Barclays Bank. T. F. and J. H. Braime (Holdings). First Scottish American Trust. Noble and Lund. Shell Transport and Trading. Bernard Wardle. William Whittingham (Holdings). Interim figures: Needlers.

## COMPANY INDEX



# London Brick up midway but sees building slump

DESPITE a reduction in brick deliveries brought about by the fall in the level of housebuilding, London Brick Company has more than doubled its pre-tax profits in the first half of 1980.

Improved margins have lifted the surplus for the six months to June 30, 1980 to £7.2m, compared with £3.07m. The group's subsidiaries, which manufacture diverse building products and also include farming interests, achieved substantial improvements in profitability against a background of difficult trading conditions.

Turnover went ahead from £55.85m to £65.42m.

The directors warn that the building industry is now suffering acutely from the effects of economic recession and an upturn is unlikely to occur until interest rates come down.

Brick production has already been reduced through the suspension of overtime and further measures may prove necessary in the autumn if production is to be matched more closely to the present depressed level of demand, they add.

The pre-tax profit is struck after depreciation of £1.37m (£1.26m) and interest of £917,000 (£779,000) and includes investment income of £1.06m (£433,000). Also included are associate losses of £215,000 (£54,000) relating to Iran, of which £130,000 was under-provided for in 1979.

After six months' tax of £3.75m (£1.23m) and an extraordinary credit last time of £2m, the attributable surplus emerges slightly lower at £3.46m (£3.94m).

An interim dividend will be declared in October—last time there was an interim of 1.7342p and payments for the whole of 1979 totalled 4.3662p net from taxable profits of £12.5m.

Mr. D. J. Venn has been appointed to the board.

Lex, Back Page

# Changes at the top at Unigate

BY RAY MAUGHAN

A STOCKBROKING firm was recently assessing the prospects for Unigate in the current year and concluded that all should be well "as long as the two Johns remain in harmony." The two Johns the firm was referring to were John Clement, chairman and joint chief executive, and John Read, joint chief executive. John Read left the group on Monday.

The pair had achieved much during their five years together. After a spell with Rank Leisure John Clement returned to the milk industry he had first joined in 1949. On April Fool's day, 1976, he was appointed to his present posts. John Read had been "headhunted" from the accountancy profession in the previous year at the behest of the then chairman, Sir James Barker, to join the board as finance director. The two Johns seemed to make a good partnership: one had the City training, and the other knew the liquid milk business.

From the beginning they both concluded, John Clement said yesterday, "that the money control side of the business needed to be more sophisticated." We didn't try to manage it from London: we spent a lot of time on the road seeing the businesses."

The process was not effected without redundancies, so much so that the Trowbridge headquarters became irreverently known for its revolving door but Mr. Clement makes light of the rapid comings and goings in Unigate's management.

Just over a year ago, the finance director, the personnel director and the managing director of Midland Counties Dairies all resigned.

The chairman retains what he describes as a degree of objectivity about management changes. "Thirty years ago," he points out, "nobody was asked to leave at all unless they set fire to the seat of somebody's pants. It's a comparatively small issue." Given that Unigate employs well over 30,000 people, there must be a limit to the effect that one executive resignation can make.

But John Read was a key figure in Unigate's recent development. Moving on from the finance director's post, he was responsible for the transport and general engineering side and the rapid growth of the Bowyers Scot meat division.

In his last job as joint chief executive, Read had an equal say in the sale of the 16 creameries last August to the Milk Marketing Board. That deal brought a great deal of cash and the balance sheet as one broker, Henderson Crosthwaite, observed shortly after the deal was struck, is "as solid as Geoffrey Boycott's batting." Of equal importance, it reversed a decision, taken seven years earlier, to build a major dairy product capacity designed to exploit the end of Commonwealth imports when Britain joined the EEC.

The profits bonanza never took place. Competitors also increased capacity and New Zealand was allowed continued access to the UK market. The two joint chief executives spent the ensuing years getting the creameries into saleable condition but, having realised over £80m for the eventual disposal, the group has recently been chided in some quarters for delaying re-investment.

Unigate does not appear to be in any particular hurry although it did acquire Telfer and some French and Italian meat businesses from Lyons for £9m last autumn and had been prepared to pay over £11m for Clifford's Dairies. That deal folded in face of the defiant Clifford family opposition (to say nothing of their voting control).

The City seems to have taken the view that the failure of the Clifford bid and the redeployment of the creameries disposal proceeds has caused a rift between the two. On the contrary, however, both stress that the parting is amicable although John Clement points out that their closeness in age (they are both in their forties) would eventually block the route of fresh management talent to the top. "I asked him," Clement says, "do you want to be doing that job for the next 17 years or so."

So what happens now? Unigate has cash and growing businesses, even though the suspension of the cost plus pricing system for liquid milk distribution is squeezing margins in a dominant side of the group and the meat products contribution was seen to be faltering in the second half of last year.

But Clement believes that Unigate is grooming a high quality line management team comprised of home grown and outside talent. "The balance is much better," he points out. "Besides," he says off-handedly, "you only achieve a perfectly balanced management team for a few moments. Somebody always wants to leave and try his hand elsewhere."

Mr. John Clement, chairman

# Eldridge joins Milford Board

THE LATEST round of shareholder battles at Milford Docks seems to have reached a peaceful conclusion.

Mr. Richard Eldridge, who headed the first unsuccessful boarding party which tried to get board representation early this year, has now been cordially invited onto the board.

Mr. Charles Smith, the chairman, who has been vehemently opposed to the various ginger groups which have tried for board seats, yesterday told shareholders that Mr. Eldridge "and he alone" had been invited to join the board.

"We hope that Mr. Eldridge's appointment will finally dispel the controversy that has surrounded this company for far too long, and create an atmosphere of peace so that our new working relationship will be harmonious and contribute to the prosperity of your company."

Mr. Eldridge, a financier formerly with the Slater Walker stable, has been interested in Milford Docks since the middle of the 1970s. Part of the company's attraction lies in the two blocks of land amounting to 41 acres behind the docks.

# Progress at Bogod Pelepah

AN INCREASE from £427,103 to £458,233 in pre-tax profits for the year to March 31, 1980 is reported by Bogod-Pelepah, distributor of sewing machines and manufacturer and distributor of textile and clothing machines. Turnover for the year was up from £4.6m to £5.7m.

After tax of £243,934 (£228,238), the net profit came out at £214,299 compared with £198,875.

The final dividend on ordinary shares is unchanged at 0.4p for a total of 0.59p (adjusted 0.5675p). The final dividend of 0.8p is also unchanged for "A" ordinary shares, but the total is effectively raised from 1.135p to 1.18p. Dividends absorb £62,894 (£58,872).

# Colygrip receiver hopeful

Mr. Roger Dickins, the Peat, Marwick, Mitchell, Birmingham partner who has been appointed receiver and manager of Colygrip Castor and Pressing Co., says he is hopeful the company will continue to trade as a going concern.

He adds that he is anxious to protect the viability of the business and the jobs of the employees.

The company, which employs 110 people, manufactures castors for the furniture industry and pressings for the motor industry.



# Higher interest charge trims Johnson Group Cleaners

DESPITE turnover net of VAT rising by over £4m to £20.3m, higher interest charges, up from £200,723 to £566,732, reduced taxable profits of Johnson Group Cleaners to £1.74m, compared with £1.86m, during the 26 weeks to June 27, 1980.

But after allowances which offset the tax charge and an extraordinary credit of £524,160 (£88,032) from surpluses on sales of properties, attributable profit rose from £1.67m to £2.26m. Tax charged last time was £278,000.

Trading profits of the retail drycleaning, workwear and towel hire service group rose to £2.29m, compared with £2.05m.

This figure included earnings from James Hayes and Sons of £100,219 for six months, compared with £56,100 (17 weeks).

Retained earnings were £1.99m (£1.42m). The interim dividend is increased from 1.8p to 2p net per 25p share—last year's total was 6.2p from pre-tax profits of £4.04m (£3.34m).

● comment

Despite a rise in the trading profits at the pre-tax line profits were down by 6.6 per cent despite a full six months from James Hayes. The shares reacted with a 7p fall to 164p. Nevertheless, Johnson Group Cleaners, with around a fifth of the UK market in drycleaning managed reasonably well in a period of retail recession. The pre-tax drop reflects nearly trebled interest costs, largely a function of capital expenditure on the textile rental side. Tax concessions on this investment resulted in a nil charge at the half-way stage and this put the after-tax profits up a little. If the consumer spending squeeze continues until year-end Johnson will be lucky to repeat last year's pre-tax of £4m, suggesting a fully taxed p/e of over 10. This is still a reasonable valuation of the shares, although a yield of 6 per cent (based on a final increase similar to the interim) is not very exciting.

# SEET profits increase to £1.4m

FROM turnover of £13.02m against £10.28m, profits before tax of Scottish, English and European Textiles rose to a record £1.4m in the year ended April 30, 1980, compared with £1.31m in the previous year.

| | Year 1979-80 £ | 1978-79 £ |
|---|---|---|
| Turnover | 13,022,934 | 10,282,411 |
| Profit before tax | 1,403,984 | 1,306,789 |
| Tax | 655,057 | 563,449 |
| Net profit | 748,927 | 742,340 |
| Minorities ints. | 7,530 | 38,679 |
| Extraord. debits | 8,004 | 16,649 |
| Attributable | 733,393 | 687,012 |
| Dividend | 108,344 | 96,988 |
| Retained | 625,049 | 590,024 |

The final dividend is 1.9p (1.68p), lifting the total from 2.417p net to 2.7p per 20p share. Stated earnings per share, before extraordinary items, are 18.48p against 17.54p.

The group is Scotland's largest producer of Harris Tweed, tartans and pure mohair products. Exports represented 59.6 per cent of turnover.

Net tangible attributable assets have increased from £3.54m to £4.16m with net asset value per ordinary share rising from 88.15p per share to 103.7p.

● comment

Against the depressed textile industry background, SEET's figures make cheerful reading. Second half margins have been pushed up by about a percentage point over the first six months and at least some volume growth has been achieved. The explanation lies in SEET's very up-market product range, which allows it to ride out the effects of a strong pound. Last year, sales to North America were up by 40 per cent and exports in total still account for around 60 per cent of sales. The minorities figures suggests a second half loss from Peter MacArthur, but the picture is distorted and in fact MacArthur reported almost doubled profits, offsetting a lower contribution from Glen Cree which suffered from high mohair prices. The flannels division was well up and the pre-tax figure was flattered by a fall of around £50,000 in net interest paid. At 80p, up 3p yesterday, the shares trade at under half net asset value and are clearly affected by the general textile malaise. SEET's recent record is unexciting but the p/e of 2.6 on reported earnings takes a very modest view of prospects. The yield is 8 per cent on a well covered dividend.

## TRIUMPH CLEANING

A winding-up order made on July 28 against Triumph Cleaning Contractors was rescinded by Mr. Justice Dillon in the High Court on Tuesday.

The company's application for rescission of the order was not opposed by the Customs and Excise.

# Avana to maintain high spending

CAPITAL INVESTMENT in the 1979-80 year at Avana Group, the foods concern, totalled £1.9m, financed entirely from within the business, and Sir Julian Hodge, the chairman, tells members in his annual statement that spending will continue at a high level.

Expenditure will be principally on plant and equipment to ensure that the group's production methods are kept up to date and to meet the needs of changing product catalogue.

The current year has started at a higher rate of profitability than last year and the chairman is looking to improve on the 1979-80 record figures.

As reported July 2, pre-tax profits advanced over 23 per cent from £3.52m to £4.15m, on turnover of £38.3m (£33.4m). Sir Julian says these results strengthen the view that the group is following the right policy of high capital investment to support product and method developments.

C.C.A. adjusted pre-tax profits were £3.39m (£2.95m).

Commenting on the acquisition of Costa Rica Coffee Company since the year-end, the chairman says this company is expected to make a useful contribution to group profits this year.

The Fleur de Lys meat pie operation continues to progress and with the new Rogerstone factory now fully operational, the group has the capacity to gain a considerable market share increase in the months ahead.

The cake bakeries will more than hold their own and contribute increasingly to overall profits, Sir Julian states.

At Ledbury, the group has suffered from the national decline in jam consumption, although to some extent this has been offset by its development of high quality conserves for Marks and Spencer.

This year is however, unlikely to see any major increase in the overall jam market, but the unceasing success of the De L'Ors fruit juices, supported by an extensive TV advertising programme, will ensure that Ledbury makes substantial progress during the year.

R. F. Brookes (Leicester) has widened its customer profile and with an enlarged product range will have another successful year.

Following the 42 per cent rise in dividend payments last year from 3.5p to 5p net, the Board expects that future increases will at least match the rate of profit advance achieved.

Meeting, Cardiff, September 12, 3 pm.

# International Invest. passes £1m halfway

PRE-TAX revenue of the International Investment Trust rose from £917,734 to £1.16m in the six months to July 31, 1980. Gross income was up from £1.15m to £1.4m. The company is a member of the Touche Remnant Management Group.

Management expenses, including debenture and dollar loan interest of £161,925 (£175,038), were virtually unchanged at £234,063 compared with £233,710.

Tax was higher at £375,907 (£291,795) and this included withholding tax of £16,612 (£19,562), leaving net revenue at £788,788 compared with £625,939. In the year to January 31, the figure was £1.51m (£1.12m).

The interim dividend is 1.6p (1.47p) as forecast, and the directors expect at least to maintain last year's final dividend of 2.33p.

# RFD looking to second half of current year

Mr. D. R. Mynors, chairman of the RFD Group, tells shareholders that present indications are that the first half of the current year will be poor but the second six months should show some of the benefit of the recent reorganisation.

In spite of the current setback from successive increases in profit and the present difficult external environment, the chairman says the Board faces the long-term future with confidence.

With effect from April 1 this year the many operating companies were brought together into four main trading units: inflatable products, defence equipment, specialist weaving and coatings.

The effect of the reorganisation will be to leave the group with fewer factories, a simpler administration and a better management system, says Mr. Mynor.

There will also be a reduction in the volume of working capital to be financed, though it will be some time before the benefit of this is felt.

For the year ended March 31, 1980, the group incurred a loss of £434,000 against profits of £2.32m after rationalisation and reorganisation costs of £1.2m. CCA loss is increased to £1.5m after these costs and CCA operating adjustments, £1.31m and gearing, £250,000.

The balance sheet shows shareholders' funds at £10.87m (£12.21m) with bank overdrafts and loans of £3.41m (£1.18m).

Meeting, Winchester House, E.C., September 12 at noon.

# Monsanto's three groups for North Sea exploration

MONSANTO, the U.S. chemical group, has formed three consortia to join in the Seventh Round of North Sea licence applications. The three groups, which applied last week, include among the partners THF Oil, a wholly-owned subsidiary of Trusthouse Forte and Whiteaway, Laidlaw and Company, the banking subsidiary of Great Universal Stores.

Monsanto said yesterday that it is retaining less than 30 per cent interest in each of the groups, but will act as the operating partner in the consortia.

Meanwhile, Cities Service (UK), the subsidiary of the U.S. energy group, yesterday also identified the members of its consortium. The bidding group is composed of Cities Service as operator as well as Attock Petroleum, Hudson's Bay Oil and Gas (UK), Penzoil (UK), North Sea Selection (a subsidiary of Selection Trust) and Taylor Woodrow Energy.

## SPAIN

| August 20 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 226 | |
| Banco Central | 251 | +3 |
| Banco Exterior | 212 | |
| Banco Hispano | 228 | |
| Banco Ind. Cat. | 120 | |
| Banco Madrid | 141 | |
| Banco Santander | 276 | |
| Banco Urquijo | 139 | |
| Banco Vizcaya | 238 | +2 |
| Banco Zaragoza | 215 | |
| Dragados | 103 | +2 |
| Espanola Zinc | 66 | +2 |
| Fecsa | 63.50 | +0.30 |
| Gal Preciados | 25 | +0.50 |
| Hidrola | 69.20 | −0.50 |
| Iberduero | 63.20 | +2.30 |
| Petroleos | 112 | |
| Petroliber | 87 | |
| Sogefisa | 107 | |
| Telefonica | 61.50 | +1.50 |
| Union Elect. | 68 | |

## M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

| 1979-80 High | Low | Company | Price | Change | Gross Div (p) | Yield % | P/E |
|---|---|---|---|---|---|---|---|
| 99 | 52 | Airsprung | 52 | −1 | 6.7 | 12.9 | 3.1† |
| 50 | 22 | Armitage and Rhodes | 22 | −1 | 3.8 | 17.3 | 1.4† |
| 167 | 92½ | Bardon Hill | 167 | +2 | 9.7 | 5.8 | 6.3† |
| 100 | 74 | County Cars 10.7% Pf. | 74 | −1 | 15.3 | 20.7 | — |
| 101 | 63 | Deborah Ord. | 96 | — | 5.0 | 5.2 | 10.5 |
| 125 | 88 | Frank Horsell | 126 | +1 | 7.9 | 6.3 | 3.9† |
| 129 | 69 | Frederick Parker | 69 | — | 11.0 | 15.9 | 3.2† |
| 156 | 90 | George Blair | 90 | — | 16.5 | 18.3 | —† |
| 84 | 45 | Jackson Group | 83 | — | 6.0 | 7.2 | 3.2† |
| 153 | 103 | James Burrough | 123 | — | 7.9 | 6.4 | 10.1 |
| 302 | 242 | Robert Jenkins | 300 | — | 31.3 | 10.4 | —† |
| 232 | 175 | Torday | 220 | — | 15.1 | 6.9 | 3.7† |
| 34 | 10 | Twinlock Ord. | 12½ | +¾ | — | — | —† |
| 90 | 70 | Twinlock 15% ULS | 85 | — | 15.0 | 17.6 | — |
| 56 | 23 | Unilock Holdings | 48 | +1 | 3.0 | 6.3 | 7.4 |
| 50 | 45 | Unilock Holdings New | 48 | +1 | 3.0 | 6.3 | 7.4 |
| 100 | 42 | Walter Alexander | 99 | −1 | 5.7 | 5.8 | 5.5 |
| 245 | 136 | W. S. Yeates | 245 | — | 12.1 | 4.9 | 4.0† |

† Accounts prepared under provisions of SSAP 15.

هكذا من الأصل

# LRC first quarter has gone well

WITH the first quarter having gone well, Sir Edward Howard, chairman of LRC International, looks forward with increased confidence.

He says in his annual statement that the programme of rationalisation has strengthened the group, enabling it to withstand the economic downturn, both abroad and in the UK, "and places us in a strong position when the trade cycle once again moves upwards."

External sales of this health care and household products group exceeded £100m for the first time, rising by 15 per cent from £98.92m to £113.77m in the year to March 31, 1980. Pre-tax profit advanced by about 5.5 per cent from £5.88m to £6.21m after being marginally lower at halfway.

The former managing director of LRC International and two other directors who resigned from the company last year share a total of £110,000 compensation for loss of office, the accounts reveal.

Mr. Reginald Perham, a director of LRC, said yesterday that the compensation — disclosed in the group's 1979-80 accounts—was paid to Mr. Mark Sellers, former managing director, Mr. Anthony Robinson, managing director of LRC Products, and Mr. Brian Lynch, director in charge of personnel. The company was not prepared to reveal individual payments but admitted that the largest share went to Mr. Sellers.

Mr. Robinson left the company in September, Mr. Lynch in November and Mr. Sellers in December.

Sir Edward reports that a feature of the accounts is the large reduction in tax charge because of a credit of more than £2m in respect of permanent stock relief granted by the finance act of 1979. As a result, net earnings per share jumped to 6.07p (3.18p).

In view of the intention to streamline the group's activities, the board is continuing its policy of providing for tax on a full deferral basis. Under present legislation, further permanent stock relief will accrue in future years, he adds.

Profit for the year was earned after interest payments, up by 65 per cent to £2.7m, reflecting the enormous increase in the cost of borrowing. The strong pound was also a handicap to trading.

In their review of operations for the year the directors say the strength of LRC Products' major brands sustained the division during a difficult year when margins were strained by the High Street price war. Inflation increasing its pressure and export sales being hit by the strength of sterling.

At Haffenden - Richborough, where sales rose from £12.7m to £13.2m while trading profit fell from £800,000 to £300,000, 100 people were made redundant and an aggressive cash management programme was introduced.

Basing the division's business on hot water bottles and electrical plugs, the board is directing the new business search to increasing contract manufacture and is pulling out of "costly ventures into consumer packaged goods."

LRC Industrial Holdings achieved an excellent profit improvement through rigorous control and general reductions in overheads. Sales rose from £13m to £15m and trading profit from £800,000 to £1.6m.

Irradiated Products doubled its capacity when a new plant at Bradford came on stream. Sales in the division were up from £300,000 to £500,000 while trading profit remained at £200,000.

The increased profits of LRC Overseas—up from £800,000 to £1.1m on sales of £5.5m (£3.9m)—reflect the introduction of the Malaysian housegrove plant and improvements in management efficiency. The directors say they hope 1980-81 will see a return to more stable conditions for the division.

Progress in LRC Europe has been excellent with sales rising from £12.3m to £13.8m and trading profit from £1.2m to £1.4m.

In North America, Schmid Laboratories had another record year for sales and profits. The new Puerto Rico factory started on schedule in September 1979 and immediately began contributing to profits. The division's sales increased from £14.8m to £19.2m with trading profit up from £1m to £1.4m.

Meeting, Howard Hotel, Temple Place, WC, September 17 at noon.

# No questions at Cope Sportswear AGM

A RESOLUTION that Arthur Anderson and Co. be appointed auditors of Cope Sportswear, the Leeds group, in place of Finnie Ross Allfields, who resigned on August 12, was carried at the company's annual meeting at their headquarters in Leeds yesterday.

Mr. Geoffrey Cope, the chairman, told the meeting that he held 9,042,728 proxy votes in favour of the resolution and 47,602 against.

The meeting passed off quietly and there were no questions to the chairman either on the heavily qualified report and accounts, which were accepted, or the resolution.

In their resignation letter to shareholders, Finnie Ross Allfields gave a detailed description of the differences between themselves and the directors which they say led to a scaling down of Cope's audited figures from £533,000 before extraordinary items to the published figure of a £588,000 loss.

The auditors alleged that they encountered extreme difficulty in persuading the Cope directors to accept very material amendments which were considered necessary.

But Mr. Geoffrey Cope told shareholders that the directors had been unhappy with some advice and service the company had received for some time.

"The auditors were made aware that we were not happy with the way the 1978 audit had been conducted."

At that time, he said, it was recognised there were faults on both sides and that the company and auditors must work together to achieve considerable improvement.

But he said there had been a lack of harmony in the way they worked together.

"This led to a breakdown in mutual trust and confidence between us."

Mr. Cope went on: "The pressures of modern business life are such that a good working relationship must exist between auditors and directors. Where there is a lack of trust and confidence the only sensible action to take is to sever the relationship whatever may be the total cost, dissatisfaction and the consequences."

Mr. Cope said the directors resented the implication that they had resisted all Finnie Ross Allfields' amendments. They had been brought to the directors' attention and had to be decided upon at short notice. "The directors accepted that advice although some of it conflicted with advice given earlier."

He said that the auditors' letter to shareholders suggested that the directors had resisted the auditors' advice but this was not so.

Mr. Cope disclosed that despite their qualifications and the contents of their resignation letter, Finnie Ross and Allfields one month earlier on July 9, 1980, had through its Leeds office made vigorous and strong efforts to persuade the company not to seek a change of auditors.

"Is this the action of auditors who want to resign?" asked Mr. Cope.

He added: "By that time your directors were convinced it was in the best interests of your company to seek a change and that proposal is before you."

Earlier, Mr. Cope, presenting his report, said that the present economic climate had made trading conditions during the first six months difficult with high interest rates, strong sterling and poor demand.

Over the last 18 months radical changes had been made in the group. "I am optimistic for the future and I am satisfied that the group is well placed to take any advantage of an upturn in demand," said Mr. Cope.

Mr. Michael Friedman, senior partner in Finnie Ross Allfields' Leeds office, was present at the meeting but made no reply to Mr. Cope's remarks about the firm. Later, Mr. Michael Ross, a partner in Finnie's London office, said that the firm had no wish to add anything further to its resignation letter. "We have fulfilled our responsibility to shareholders," he said.

# Jos Holdings moves near £0.28m after 12 months

WITH second half pre-tax revenue advancing from £110,562 to £134,309, Jos Holdings, investment trust, reports figures up from £199,251 to £279,930 for the full year to July 31, 1980. Gross investment income was up from £203,272 to £277,357 and deposit interest and commission was £33,835 compared with £19,913.

Management expenses were higher at £30,966 (£23,743) and bank interest charges rose from £191,000 to £296,000. After tax of £89,020 (£65,617) net earnings per 25p share are shown as 3.87p (2.71p). The final dividend is raised from 1.825p to 2.25p for a total of 3.55p which includes a non-recurring payment of 0.3p. Last year's total was 2.7p.

At the year end, the valuation of investments amounted to £3.73m (£3.19m), and net asset value per share is 77.9p against 67.5p.

## CPG PRODUCTS

The directors of CPG Products Corporation state that with reference to the announcement dated April 22, 1980, they have decided not to pursue any appeal against the terms of the judgment delivered on April 21, 1980, and accordingly the 6¼ per cent guaranteed debenture stock, 1983-88, is now repayable at par.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Bogod-Pelepah ord. | 0.4 | Oct. 16 | 0.4 | 0.59 | 0.57* |
| Bogod-Pelepah 'A' | 0.8 | Oct. 16 | 0.8 | 1.18 | 1.14* |
| Intnl. Invest. Tst. int. | 1.6 | Oct. 3 | 1.47 | — | 3.8 |
| Johnson Gp. Cl'nrs. int. | 2 | Oct. 1 | 1.8 | — | 6.2 |
| Jos Holdings | 2.25 | Oct. 28 | 1.83 | 3.55‡ | 2.7 |
| Press Tools | 1.75 | — | 1.53 | 2.7 | 2.25 |
| SEET | 1.9 | Oct. 6 | 1.68 | 2.7 | 2.42 |
| Stewart Nairn | 0.05 | Sept. 19 | 0.15 | 0.05 | 0.15 |
| A. J. Worthington | 0.59 | Oct. 9 | 0.55 | 0.99 | 0.89 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring payment of 0.3p.

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | April Closing offer | April Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 360 | 20 | 16 | 38 | — | 48 | — | 350p |
| BP | 390 | 10 | 31 | 26 | — | — | — | " |
| Com. Union | 140 | 32 | 23 | 36 | 2 | 43 | — | " |
| Com. Union | 160 | 14 | 74 | 22 | 20 | 28 | — | 168p |
| Cons. Gold | 550 | 37 | 1 | 62 | — | 70 | — | 535p |
| Cons. Gold | 600 | 14 | 22 | 32 | — | — | — | " |
| GEC | 500 | 35 | 48 | 57 | 60 | 78 | — | 497p |
| Grand Met. | 140 | 23 | 2 | 32 | — | 35 | — | 156p |
| Grand Met. | 160 | 8½ | 11 | 17½ | — | 23 | — | " |
| ICI | 390 | 7 | — | 19 | 1 | 28 | — | 368p |
| Marks & Sp. | 80 | 26 | 4 | 28 | — | — | — | 103p |
| Marks & Sp. | 100 | 9 | 24 | 13½ | — | 17½ | — | " |
| Marks & Sp. | 110 | 4½ | — | 8½ | 5 | 13 | 3 | " |
| Shell | 420 | 26 | 16 | 40 | — | 52 | — | 418p |
| Totals | | | 272 | | 78 | | 3 | |
| | | August | | November | | February | | |
| Imperial Gp. | 80 | 2 | 2 | 7 | 3 | 9½ | — | 80p |
| Imperial Gp. | 90 | ½ | — | 3 | — | 5½ | 20 | " |
| Lonrho | 74 | 22 | 5 | 26 | — | 31 | — | " |
| Lonrho | 84 | 12 | 6 | 20 | 30 | 24 | — | 94p |
| Lonrho | 94 | 3½ | — | 12 | 41 | 18 | — | " |
| Lonrho | 104 | 1 | — | 8 | 7 | 13 | — | " |
| Lonrho | 114 | ½ | — | 5 | — | 9 | 5 | " |
| P. & O. | 110 | 22 | — | 27½ | 10 | 29½ | 1 | " |
| P. & O. | 120 | 12 | — | 20 | 10 | 23 | — | 131p |
| P. & O. | 130 | 3 | 5 | 14½ | 65 | 17½ | — | " |
| Racal Elec. | 260 | 27 | 16 | 42 | — | 54 | — | " |
| Racal Elec. | 280 | 9 | 9 | 28 | 31 | 41 | — | 285p |
| Racal Elec. | 300 | 1 | — | 19 | 102 | 31 | — | " |
| RTZ | 420 | 57 | 5 | 78 | — | 95 | — | " |
| RTZ | 460 | 16 | 5 | 47 | 6 | 65 | — | 471p |
| RTZ | 500 | ¾ | — | 23 | 28 | 40 | — | " |
| Totals | | | 52 | | 333 | | 26 | |

# UK COMPANY NEWS

## MINING NEWS

# Sharp setback for RCM in first three months

BY GEORGE MILLING-STANLEY

ZAMBIA'S 61 per cent state-owned Roan Consolidated Mines experienced a sharp reversal of fortunes during the first quarter of the current financial year. Net profits for the period are down from Kwacha 33.3m to just K9.1m (£4.9m). No dividend will be paid for the quarter.

RCM said yesterday that its transport problems showed further improvement during the quarter, leading to a 13 per cent rise in copper sales, but the retention of skilled staff continued to be a major problem.

Copper sales advanced from 56,866 tonnes to 64,080 tonnes, but the beneficial effects of this increase were more than offset by a sharp decline in cobalt sales from 560 tonnes to just 143 tonnes.

RCM and Zambia's other state-controlled copper and cobalt producer, Nchanga Consolidated Copper Mines, have lived with the problem of shortages of skilled manpower for many years. The country has always had difficulty in attracting top quality mining engineers, as the latter are convinced that they can obtain higher wages and better conditions elsewhere, for example in South Africa or Australia.

The recent guerrilla war in neighbouring Zimbabwe, and its tendency to spill over the border into Zambia, only compounded the country's problems in attracting people of the right calibre.

The troubles in Zimbabwe added to its northern neighbour's difficulties by disrupting both imports of machinery and materials, and exports of copper and cobalt. The economic recession has exacerbated Zambia's problems by causing reductions in demand for both metals, particularly cobalt.

The two metals provide more than 95 per cent of the country's foreign exchange earnings, and RCM and the larger NCCM are by far the biggest employers in the copper belt.

The latest results from RCM indicate that recent suggestions to the effect that the cash problems of the mining industry were over may well have been a little premature. Mr. Luke Mwananshiku, governor of the Bank of Zambia, disclosed recently that borrowings by the mining companies from the central bank had now ceased.

Mr. James Mapona, chairman of both RCM and NCCM, said earlier this month that NCCM's production of copper was running below forecast because of reduced expenditure on maintenance and the lack of skilled personnel. Experts believe that the company could have produced at least 10 per cent more copper last year if the cash and skills had been available.

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Barclays Bank, T. F. and J. H. Braime, First Scottish American Trust, Investment Trust of Guernsey, Noble and Lund, Royal Dutch Petroleum, Shell Transport and Trading, William Whittingham.

Finals: Calcutta Electric Supply Corporation (India), F. Copson, Dale Electric International, A. and J. Geller, R. and J. Pullman, Reliance Knitwear.

FUTURE DATES

| | |
|---|---|
| Interims— | |
| Hongkong & Shanghai Banking | Aug. 26 |
| House Property of London | Sept. 5 |
| Morgan Crucible | Sept. 4 |
| Robinson (Thomas) | Aug. 27 |
| Sun Alliance & London Insur. | Sept. 3 |
| Finals— | |
| Erskine House Investments | Aug. 28 |
| Somportex | Aug 28 |

# Canadian companies well ahead

THE LATEST batch of first half results from Canadian mining companies adds strength to the view that North American natural resources concerns are weathering the recession better than most other sectors. The report from Dome Mines, the Toronto-based group with extensive interests in gold, is particularly encouraging.

There can now be little doubt that Dome Mines will surpass last year's record earnings of C$72.4m writes John Soganich from Toronto. First half consolidated net profits are C$45.3m (£16m), or C$2.59 a share, compared with last time's figures of C$22.5m or C$1.28 a share

The advance came in spite of a decline in gold output from 170,724 troy ounces to 158,219 ounces, but this was more than offset by a jump in the average price received to C$691 from C$298.

The price rise had the effect of boosting revenue from gold operations to C$109.3m from C$50.9m.

Dome's figures include the 57 per cent-owned Campbell Red Lake Mines and the 63 per cent-owned Sigma Mines, and also the share of earnings from Dome Petroleum (26 per cent-owned) and Canada Tungsten Mining (20 per cent-owned).

Dome Mines' share of first half earnings from Dome Petroleum rose from C$11.7m to C$15.7m, while the contribution from Canada Tungsten Mining was C$2.5m, compared with C$1.1m.

Profits of Campbell for the period jumped from C$10m or 62 cents a share to C$24.3m or C$1.52 a share, while Sigma moved up from C$2.7m or 67 cents to C$6.9m or C$1.73.

Another Toronto-based company, Sherritt Gordon Mines, recorded a smaller increase in first half net profits, with a figure of C$19.5m or C$1.52 a share compared with C$17.6m or C$1.38 a share.

A loss on translation of foreign currency amounts cut the company's final net figure to C$16.2m or C$1.26 a share. This loss arose from the directors' decision to redeem income debentures totalling U.S.$52.8m, but the company expects to recoup that amount in reduced interest charges over the next three years.

Sherritt Gordon continues to focus its exploration activity around its existing operations in northern Manitoba. It is now drilling close to its Fox and Ruttan copper and zinc mine properties.

Drilling also continues on the Agassiz gold property near Lynn Lake, and the evaluation of the Cargill phosphate deposit in northern Ontario is proceeding.

Iron Ore Company of Canada, the major Labrador iron ore miner and processor, had first-half net profits of US$36.8m (£15.5m), up from last time's US$35.5m. The increase came in spite of lower volume sales.

The company has temporarily suspended operations at its pellet plants in order to cut output by about 20 per cent compared with last year.

The Calgary-based and French-controlled Aquitaine Company of Canada boosted net profits for the period from C$16.2m to C$36.6m, which is higher than the C$32.6m recorded for the whole of 1979.

The improved results reflect higher prices for all of the company's products, and increased volume sales for sulphur and steam coal.

Kerr Addison Mines saw first-half net profits advance from C$8.79m or 94 cents a share to C$22.02m or C$2.36 a share, while Brascan's Western Mines lifted net profits by almost half from C$10.6m to C$15.6m, and Noranda's Brenda Mines moved ahead from C$11.6m or C$2.72 a share to C$13.6m or C$3.23 a share.

## BIDS AND DEALS

# Progressive Securities' shares leap on bid approach news

BY TIM DICKSON

Progressive Securities Investment Trust, which is closely connected with stockbrokers Strauss Turnbull, announced yesterday that it is talking to a possible suitor.

In the stock market the news sent the shares soaring 23p to 92p, capitalising the company at just over £2m. This represented a discount of roughly 10 per cent on the group's assets, against about 33 per cent at the beginning of the day's trading.

The full statement said Progressive's board had "received an approach which may lead to an offer being made for the whole of the issued share capital which would enable shareholders to accept cash for their holdings."

The identity of the possible bidder, however, was not revealed and a further statement will be made "as soon as possible."

Progressive Securities has been fostered by Strauss Turnbull since the early 1950s. A number of the firm's clients are shareholders and Mr. Robert Strauss has been chairman for many years. It was floated and achieved a full quote at the beginning of the 1960s but like many other investment trusts Progressive's capital performance has recently been disappointing.

Its portfolio has been spread fairly generally around stock markets with the last quarterly report to June 30 showing that some 72 per cent of its assets were distributed in the UK.

Major shareholders include Roman Catholic Purposes Registered, the investment arm of the Jesuits (22.37 per cent), Sun Life Assurance (8.92 per cent) and Equitable Life (7.42 per cent).

Previous bids for investment trusts have often come from cash-rich pension funds anxious to find a cheap and easy way into equities. The feeling in the market yesterday, however, suggested that the possible bidder was more likely to be an industrial company.

### AGREEMENT ON BRINCO PURCHASE

Final agreement has now been reached, subject to certain regulatory approvals, for Brinco to obtain an option to acquire Turner and Newall's 23.4 per cent interest in Cassiar Resources for C$20.6m (£7.6m).

# Tilling in £3.4m U.S. purchase

ONE OF Britain's largest industrial holding group's Thomas Tilling, is adding to its engineering interests in the U.S. with the proposed acquisition of Winfred M. Berg, of East Rockaway, New York, for $8m (£3.4m).

This purchase—the 18th in the U.S. since the beginning of 1977—brings the group's total cash outlay on U.S. companies this year up to £28.4m; and more acquisitions are planned. In the three years up to the end of 1979 the group spent £130m on acquiring 12 U.S. companies.

The offer for Berg—which is being made through Clarkson Industries, a Tilling group company since 1978 — is supported by the Board of Berg and family shareholders together controlling 68 per cent of the shares.

Berg—which showed profits of $1.67m on sales of $6.9m in 1978-79—manufactures and distributes a large range of gears sprockets, pulleys, couplings, chains and belts, serving engineering companies throughout the U.S. and abroad.

Mr. Francis Black, the Tilling finance director, said yesterday that there were a number of other acquisitions "in our sights." The group's original £30m spending target in the U.S. this year would be exceeded.

These acquisitions would be concentrated in four main areas — environmental engineering, through the Clarkson Industries subsidiary: oil and gas equipment (through Ramteck); distribution of industrial and oilfield supplies (through NWS Supply Group); and medical supplies and services (through the Intermedco offshoot).

Mr. Black said that each of these companies had a "shopping list of small acquisitions." What the group actually buys depends on what comes up for sale and acting quickly.

Tilling's 1979 group pre-tax profits expanded from £64.9m to £81.1m, boosted by a £12.8m contribution from new acquisitions mainly in the U.S. Apart from its U.S. plans, Tilling expects to spend some £80m on existing UK operations this year. At December 31, 1979 the group balance showed cash up from £13.5m to £27.9m.

### BAIN DAWES

Inchcape insurance broking subsidiary Bain Dawes has agreed to purchase, at a price which represents less than 0.25 per cent of the net asset value of Inchape, Stanley Thompson and Co. and Stanley Thompson and Co. Life and Pensions Brokers of Leeds.

### BRIDON/KORF

Bridon and Korf Engineering of West Germany have reached agreement over the formation of a new company, Ashlow Limited. Korf will have a 60 per cent interest in the new company, and Bridon 40 per cent. The share capital is £1m.

As announced in April, Ashlow Limited has taken over the design and technical activities of a former Bridon subsidiary, Ashlow Steel and Engineering Company. Its headquarters are at Rotherham where it employs 100 people.

The new company has already received a £1.4m order from Ovako Oy, a privately-owned Finnish steelmaking group.

### CARRUTHERS IN JOINT S.A. VENTURE

UK crane specialist, Carruthers, of East Kilbride, is to form a crane manufacturing company in South Africa in a joint venture with Dowson and Dobson, a subsidiary of Afrox and a member of BOC.

Under the terms of agreement, Carruthers, who belong to the Burmah Group, will supply advanced crane technology components such as trolleys, hoists and electrical equipment, plus technical management and design staff. Dowson and Dobson will build the main girders and ancillary structures at its factory near Johannesburg. Dowson and Dobson had turnover of £30m in the last financial year.

### HERON MOTOR

The 289,877 shares of Heron Motor Group, which have been purchased by Heron Finance Corporation were sold by Mr. L. Ronson. Mr. Ronson resigned from the board of Heron Corporation, in February 1980.

# CURRENCIES, MONEY and GOLD



## £ and $ quiet

Trading was quiet and uneventful in currency markets yesterday, with trading confined to comparitively narrow spreads. Sterling showed a slightly firmer tendency overall, mainly on dollar weakness, and its trade weighted index improved to 75.5 from 75.4, having stood at 75.5 at noon and in the morning. Against the dollar it opened at $2.3625, and by noon had edged up to $2.3650, reaching a best level soon afterwards at $2.3715. Towards the close however, sterling drifted slightly in featureless trading to close at $2.3680-2.3690, a rise of 80 points from Tuesday's close.

The dollar was slightly weaker, reflecting in part a slight easing in some Euro-dollar rates. News of an increase in U.S. prime rates late Tuesday night had been largely discounted, and with many people already long on dollars, there was little scope for any improvement. Central banks tended to stay on the sidelines, and the U.S. unit finished around its lowest level of the day. Against the D-mark it closed at DM 1.7965 compared with DM 1.8005 previously, and SwFr 1.6575 from SwFr 1.6600 in terms of the Swiss franc. The Yen was also firmer at the dollar's expense, with the latter easing to Y224.05 from Y224.40. On Bank of England figures, the dollar's trade weighted index fell from 84.8 to 84.7.

**D-MARK**—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar, following the turnaround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. interest rates led to a decline in the dollar against the German currency—The D-mark was mostly firmer at yesterday's fixing in Frankfurt, with the dollar down at DM 1.7982 against DM 1.8026, and the Dutch guilder easing to DM 91.88 per Fl 100 compared with DM 92.05. The French franc dipped to DM 43.18 from DM 43.195 per FFr 100 while the Belgian franc slipped to DM 6.25 per BFr 100 from DM 6.258. Sterling was unchanged at DM 4.2550. Trading was generally inactive, with no Bundesbank intervention at the fixing.

**ITALIAN LIRA** — Still the weakest member of the EMS and steady for a short time after July's support package. Recently, however, rumours of a possible devaluation have caused further weakness—The Italian lira was weaker in Milan yesterday. However, since last Thursday the Bank of Italy has spent an estimated $400m, according to market sources, in an effort to prop up the lira. Rumours of a devaluation may be a little premature in the eyes of some dealers, with tourist income and the large reserves held by the Bank of Italy likely to postpone any decision until October. At yesterday's fixing the dollar was lower at L850.95, compared with L851.55, and of the $17m traded the Bank of Italy sold around $14.5m. Elsewhere sterling rose to L2,015 from L2,011.4 and the D-mark was higher at L473.24, against L472.25.

**JAPANESE YEN** — Steadier recently, reflecting the relatively successful fight against inflation, which allowed a cut in the discount rate this week, and also a sharp fall earlier this year in U.S. interest rates—The yen continued to improve in Tokyo yesterday, and the dollar fell at the close to Y224.35, compared with an opening level of Y224.20 and Tuesday's close of Y225.10. The U.S. unit fell to a low of Y223.70 early on, but recovered later in the day in moderately active trading.

### THE POUND SPOT AND FORWARD

| Aug. 20 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.3625-2.3715 | 2.3680-2.3690 | 1.55-145c pm | 7.60 | 3.37-3.27 pm | 5.61 |
| Canada | 2.7440-2.7530 | 2.7475-2.7485 | 1.75-1.65c pm | 7.42 | 4.17-4.07 pm | 6.00 |
| Nethlnd. | 4.61½-4.64½ | 4.62¼-4.63¼ | 3-2c pm | 6.48 | 7½-6½ pm | 6.05 |
| Belgium | 67.68-68.20 | 68.05-68.15 | 30-20c pm | 4.40 | 75-65 pm | 4.11 |
| Denmark | 13.12-13.17 | 13.13½-13.14½ | ⅞-2ore dis | -1.31 | 2⅞-4⅞ dis | -1.14 |
| Ireland | 1.1225-1.1275 | 1.1250-1.1260 | 0.08-0.13p dis | -1.12 | 0.08-0.13dis | -0.37 |
| W. Ger. | 4.24-4.27 | 4.25½-4.26½ | 3½-2½pf pm | 8.45 | 9-8 pm | 7.98 |
| Portugal | 117.10-118.00 | 117.60-117.80 | 40c pm-10 dis | 1.53 | 60 pm-60 dis | — |
| Spain | 171.70-172.00 | 171.80-171.90 | 65-120c dis | -6.46 | 250-330 dis | -6.75 |
| Italy | 2005-2017 | 2015-2017 | 31½-34½lire dis | -19.79 | 86¾-89¾dis | -17.51 |
| Norway | 11.44-11.54 | 11.51½-11.52½ | 5-3¾ore pm | 4.30 | 10¾-8¾ pm | 3.32 |
| France | 9.83-9.86½ | 9.84-9.85 | 5¼-4¼c pm | 5.79 | 12¾-11¾ pm | 4.98 |
| Sweden | 9.88-9.93 | 9.91-9.92 | 2¼-1¼ore pm | 2.42 | 4-3¼ pm | 1.46 |
| Japan | 527-533 | 530½-531½ | 2.25-1.85y pm | 4.63 | 6.20-5.80 pm | 4.52 |
| Austria | 30.05-30.20 | 30.12-30.17 | 17-13gro pm | 5.97 | 42-36 pm | 5.17 |
| Switz. | 3.90½-3.94 | 3.92¼-3.93¼ | 4½-3½c pm | 11.07 | 11½-10½ pm | 10.82 |

### THE DOLLAR SPOT AND FORWARD

| Aug. 20 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.3625-2.3715 | 2.3680-2.3690 | 1.55-1.45c pm | 7.60 | 3.37-3.27 pm | 5.61 |
| Ireland† | 2.1000-2.1040 | 2.1020-2.1040 | 1.20-1.10c pm | 6.56 | 0.21-0.16 pm | 0.84 |
| Canada | 1.1608-1.1629 | 1.1625-1.1628 | 0.04c pm-par | 0.21 | 2.80-2.70 pm | 5.23 |
| Nethlnd. | 1.9535-1.9577 | 1.9535-1.9545 | 0.05-0.15c dis | -0.61 | 0.40-0.30 pm | 0.72 |
| Belgium | 28.72½-28.78½ | 28.73-28.75 | 5-6½c dis | -2.40 | 9-11 dis | -1.39 |
| Denmark | 5.5515-5.5625 | 5.5515-5.5530 | 3½-4ore dis | -8.10 | 9¼-9¾ dis | -5.34 |
| W. Ger. | 1.7950-1.8000 | 1.7960-1.7970 | 0.17-0.13pf pm | 1.00 | 1.13-1.08 pm | 2.46 |
| Portugal | 49.56-49.75 | 49.60-49.70 | 15-35c dis | -6.04 | 45-95 dis | -5.64 |
| Spain | 72.57-72.72 | 72.57-72.63 | 85-100c dis | -15.29 | 230-270dis | -13.77 |
| Italy | 850.50-851.20 | 850.80-851.20 | 19-22lire dis | -28.90 | 50-54 dis | -24.44 |
| Norway | 5.8580-4.8670 | 4.8650-4.8665 | 1.15-1.65ore dis | -3.45 | 2.60-3.10dis | -2.34 |
| France | 4.1560-4.1670 | 4.1560-4.1575 | 0.50-0.60c dis | -1.59 | 0.55-0.70dis | -0.60 |
| Sweden | 4.1847-4.1895 | 4.1875-4.1885 | 2.00-2.15ore dis | -5.94 | 5.00-5.15dis | -4.85 |
| Japan | 223.70-224.50 | 224.00-224.10 | 0.60-0.75y dis | -3.61 | 0.60-0.75dis | -1.20 |
| Austria | 12.72-12.74½ | 12.72-12.73 | 1.30-1.90gro dis | -1.51 | 1.00-2.75dis | -0.59 |
| Switz. | 1.6550-1.6600 | 1.6570-1.6580 | 0.58-0.53c pm | 4.02 | 2.27-2.22 pm | 5.44 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### CURRENCY MOVEMENTS

| Aug. 20 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 75.5 | -30.5 |
| U.S. dollar | 84.7 | -9.0 |
| Canadian dollar | 81.2 | -16.7 |
| Austrian schilling | 156.1 | +24.3 |
| Belgian franc | 115.5 | +13.6 |
| Danish kroner | 106.9 | -4.6 |
| Deutsche mark | 154.3 | +43.6 |
| Swiss franc | 197.0 | +78.7 |
| Guilder | 126.1 | +20.1 |
| French franc | 101.6 | -5.6 |
| Lira | 52.9 | -51.4 |
| Yen | 127.2 | +25.3 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

### CURRENCY RATES

| Aug. 19 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 16 | 0.564488 | 0.595225 |
| U.S. $ | 10 | 1.30848 | 1.40622 |
| Canadian $ | 10.26 | 1.52359 | 1.63768 |
| Austria Sch | 6¾ | 16.7014 | 17.9504 |
| Belgium F | 12 | 37.7235 | 40.4745 |
| Danish K | 13 | 7.28823 | 7.82139 |
| D'mark | 7½ | 2.35867 | 2.53119 |
| Guilder | 9 | 2.56528 | 2.75169 |
| French Fr. | 9½ | 5.46029 | 5.85971 |
| Lira | 15 | 1114.17 | 1197.25 |
| Yen | 8.25 | 295.062 | 316.287 |
| Norwgn. Kr. | 9 | 6.38931 | 6.85110 |
| Spanish Pts. | 8 | 95.2299 | 102.436 |
| Swedish Kr. | 10 | 5.48571 | 5.89023 |
| Swiss Fr. | 3 | 2.17692 | 2.33432 |

### OTHER CURRENCIES

| Aug. 20 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 4488-4508 | 1897-1904 | Austria | 29.95-30.25 |
| Australia Dollar | 2.0420-2.0460 | 0.8630-0.8635 | Belgium | 68.65-69.25 |
| Brazil Cruzeiro | 129.01-130.01 | 54.605-54.805 | Denmark | 13.06-13.16 |
| Finland Markka | 8.68-8.68¾ | 3.6660-3.6670 | France | 9.79-9.85 |
| Greek Drachma | 101.845-104.499 | 42.90-43.10 | Germany | 4.23½-4.26½ |
| Hong Kong Dollar | 11.70½-11.72½ | 4.9490-4.9510 | Italy | 1975-2060 |
| Iran Rial | n.a. | n.a. | Japan | 529-534 |
| Kuwait Dinar(KD) | 0.631-0.637 | 0.2683-0.2684 | Netherlands | 4.61-4.64 |
| Luxembourg Frc. | 68.05-68.15 | 28.73-28.75 | Norway | 11.44-11.54 |
| Malaysia Dollar | 5.0850-5.0960 | 2.1495-2.1515 | Portugal | 114-120 |
| New Zealand Dlr. | 2.4225-2.4275 | 1.0235-1.0250 | Spain | 167¾-175¾ |
| Saudi Arab. Riyal | 7.81-7.87 | 3.3200-3.3220 | Sweden | 9.86-9.96 |
| Singapore Dollar | 5.0375-5.0475 | 2.1295-2.1315 | Switzerland | 3.90½-3.93½ |
| Sth. African Rand | 1.7990-1.8000 | 0.7595-0.7600 | United States | 2.36¼-2.37½ |
| U.A.E. Dirham | 8.68-8.74 | 3.6880-3.6900 | Yugoslavia | 64-69 |

Rate given for Argentina is free rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU August 20 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 40.4842 | +1.75 | +0.62 | ±1.53 |
| Danish Krone | 7.72336 | 7.82133 | +1.27 | +0.14 | ±1.64 |
| German D-Mark | 2.48208 | 2.53002 | +1.93 | +0.80 | ±1.125 |
| French Franc | 5.84700 | 5.86036 | +0.23 | -0.90 | ±1.512 |
| Dutch Guilder | 2.74362 | 2.75381 | +0.37 | -0.76 | ±1.668 |
| Irish Punt | 0.668201 | 0.670114 | +0.29 | -0.84 | ±4.08 |
| Italian Lira | 1157.79 | 1198.92 | +3.55 | +2.60 | ±1.3657 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EXCHANGE CROSS RATES

| Aug. 20 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.369 | 4.258 | 531.8 | 9.845 | 3.928 | 4.628 | 2016. | 2.748 | 68.10 |
| U.S. Dollar | 0.422 | 1. | 1.798 | 224.2 | 4.157 | 1.656 | 1.954 | 851.2 | 1.160 | 28.76 |
| Deutschemark | 0.235 | 0.556 | 1. | 124.7 | 2.312 | 0.922 | 1.087 | 473.5 | 0.645 | 15.00 |
| Japanese Yen 1,000 | 1.883 | 4.460 | 8.018 | 1000. | 18.54 | 7.396 | 8.715 | 3797. | 5.175 | 128.2 |
| French Franc 10 | 1.016 | 2.406 | 4.325 | 539.4 | 10. | 3.989 | 4.700 | 3048. | 2.791 | 69.17 |
| Swiss Franc | 0.255 | 0.603 | 1.084 | 135.2 | 2.507 | 1. | 1.178 | 513.3 | 0.700 | 17.34 |
| Dutch Guilder | 0.216 | 0.512 | 0.920 | 114.7 | 2.127 | 0.849 | 1. | 435.7 | 0.594 | 14.72 |
| Italian Lira, 1,000 | 0.496 | 1.175 | 2.112 | 263.4 | 4.883 | 1.948 | 2.295 | 1000. | 1.363 | 33.78 |
| Canadian Dollar | 0.364 | 0.862 | 1.549 | 193.2 | 3.583 | 1.429 | 1.684 | 733.6 | 1. | 24.78 |
| Belgian Franc 100 | 1.468 | 3.478 | 6.252 | 779.7 | 14.46 | 5.767 | 6.795 | 2960. | 4.035 | 100. |

### FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 20)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 10 3/4 | offer 10 7/8 | bid 11 5/8 | offer 11 3/4 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

### EURO-CURRENCY INTEREST RATES (Market Closing Rates)

| Aug. 20 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 17¾-18 | 9-9¼ | 9-10 | 10-10¼ | 5¼-5½ | 8⅛-8¼ | 11-11¼ | 14-16 | 9⅛-9¼ | 15-16 |
| 7 days' notice | 17⅝-17⅞ | 9¼-9½ | 9-10 | 10-10¼ | 4¾-5¼ | 8 1/16-8 3/16 | 11-11¼ | 33-38 | 10 1/16-11 1/16 | 13¾-14¼ |
| Month | 16⅞-17⅛ | 9½-9¾ | 9⅝-10 | 10-10¼ | 5 7/16-5 9/16 | 8⅝-8 7/16 | 11 1/16-11 3/16 | 36-38½ | 9⅝-9¾ | 12¼-12½ |
| Three months | 16½-16¾ | 10⅝-10⅞ | 10⅜-10¾ | 10-10¼ | 5 3/16-5 5/16 | 8⅝-8 7/16 | 11⅛-11⅜ | 33-34½ | 10¾-10⅞ | 11⅞-12⅛ |
| Six months | 16-16¼ | 11½-11¾ | 11-11⅝ | 9¾-10 | 5⅜-5½ | 8⅛-8 3/16 | 11½-11¾ | 28½-30 | 11½-11⅝ | 11⅛-11¼ |
| One Year | 15-15¼ | 11 9/16-11 11/16 | 11⅛-11½ | 9½-9¾ | 5¼-5⅝ | 8-8 1/16 | 11⅝-11⅞ | 24½-26 | 11⅝-11¾ | 9⅞-10⅛ |

Long-term Eurodollar two years 12-12¼ per cent; three years 12¼-12½ per cent; four years 12¼-12½ per cent; five years 12¼-12½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.90-10.00 per cent; three-months 10.50-10.60 per cent; six-months 10.95-11.05 per cent; one year 11.15-11.25 per cent.

### INTERNATIONAL MONEY MARKET

## Paris rates ease

The Bank of France announced a reduction in its money market intervention rate yesterday, by a ¼ per cent, when it bought FFr 3bn of first category paper from the market at 11¼ per cent. The move was generally expected by the market, and was seen as merely an adjustment to bring the rate more into line with current market levels. Some dealers had expected a larger cut to 11 per cent. In the money market call money remained at 11¼ per cent while period rates from one to 12-month were all quoted at 11-11¼ per cent.

In Frankfurt there is to be no Press conference after today's meeting of the Bundesbank central council. The calling of a Press conference has always been taken as a sign of some imminent change in credit policies, and so it now seems unlikely that the authorities will alter the lombard rate or the discount rate at today's meeting. There is however strong speculation that banks' minimum reserve requirements may be cut in order to maintain adequate levels of liquidity. At the moment there is an ample supply of money, although the repayment of a short term loan of around DM 4bn at the end of August and the transfer of tax and social security payments around the same time, may lead to further Bundesbank action to inject funds into the system.

Yesterday call money was quoted at 8.325 per cent up from 7.625 on Tuesday, reflecting the unlikelihood of any fall in key lending rates today.

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime Rate | 11-11¼ |
| Fed. Funds | 9¾-9⅞ |
| Treasury Bills (13-week) | 9.48 |
| Treasury Bills (26-week) | 9.88 |

**GERMANY**

| | |
|---|---|
| Discount Rate | 7.5 |
| Overnight Rate | 8.325 |
| One month | 8.725 |
| Three months | 8.65 |
| Six months | 8.50 |

**FRANCE**

| | |
|---|---|
| Discount Rate | 9.5 |
| Overnight Rate | 11.25 |
| One month | 11.0625 |
| Three months | 11.0625 |
| Six months | 11.0625 |

**JAPAN**

| | |
|---|---|
| Discount Rate | 9.0 |
| Call (Unconditional) | 11.50 |
| Bills Discount (three-month) | — |

### UK MONEY MARKET

## Two-tier market

**Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)**

The advent of banking make up day caused severe distortions in interest rates in the London money market yesterday, with discount houses taking call money, which counts as a reserve asset, between 14 per cent and 16 per cent while interbank money for the same period touched 27 per cent during the day. Discount houses still required official help to alleviate a shortage of day-to-day credit, and the authorities gave assistance on a very large scale. This comprised small purchases of Treasury bills, both from banks and discount houses, and large loans to 5 or 6 houses at MLR, for repayment today. The Bank of England also entered into another sale and repurchase agreement involving a moderate amount of commercial bills.

The principal factor working against the market was the repayment of Tuesday's moderate official lending. There were two other small factors, a small net Treasury bill take up and run down bank balances.

In the interbank market overnight money opened at 18-19 per cent and rose quickly to 23-25 per cent before coming back to between 21½ per cent and 22½ per cent where a lot of business was seen. During the afternoon it eased back to 17-18 per cent at one point, but late balances were taken nearer 20 per cent.

### GOLD

## Further rise

Gold rose $11 an ounce in the London bullion market yesterday to $633-636. Rumours of Soviet troops entering Poland sparked off demand for the metal early in the day, and the afternoon fixing, which took around an hour to complete, was the highest level reached during the day, at $634.75.

In Paris the 12½-kilo bar was fixed at FFr 84,900 per kilo ($634.20 per ounce) compared with FFr 84,950 ($634.38) in the morning, and FFr 84,300 ($628.32) on Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 36,140 per kilo ($625.02 per ounce) against DM 35,860 ($618.98) previously, and closed at $633-636 against $623-626.

In Zurich gold finished at $633-$636 per ounce from $623-626 previously.

| | Aug. 20 | | Aug. 19 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $633-636 | (£267¼-268½) | $622-625 | (£263½-264¾) |
| Opening | $621-624 | (£262¾-264) | $625¾-626 | (£263¾-265) |
| Morning fixing | $622.75 | (£263.319) | $620.75 | (£262.929) |
| Afternoon fixing | $634.75 | (£268.031) | $624 | (£264.095) |
| **Gold Coins** | | | | |
| Krugerrand | $653-655 | (£275½-277½) | $642-644 | (£272-274) |
| Mapleleaf | $647-651 | (£273-276) | $634-638 | (£268½-271½) |
| New Sovereigns | $160¼-161¼ | (£67½-68½) | $157½-158½ | (£66¾-67¾) |
| King Sovs | $186-188 | (£78½-79½) | $183-185 | (£77½-78½) |
| Victoria Sovs | $186-188 | (£78½-79½) | $183-185 | (£77½-78½) |
| French 20s | $160-163 | | $160-163 | |
| 50 pesos Mexico | $782-786 | | $770-774 | |
| 100 Cor. Austria | $615-620 | | $608-612 | |
| $20 Eagles | $756-760 | | $748-752 | |
| $10 Eagles | — | | — | |
| $5 Eagles | — | | — | |

### LONDON MONEY RATES

| Aug. 20 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 17-27 | — | — | — | — | 14-16 | — | — | — |
| 2 days notice | — | — | 17½-17¾ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 17⅝-17⅞ | 17⅝-17½ | — | 17¾ | — | 15-15¾ | — | — | — |
| One month | 16¾-16½ | 16 5/16-16 7/16 | 16⅝-17 | 17¼-17¾ | 17¼ | 17¼-17⅜ | 16⅝ | 14 7/8 | 16 1/16-16½ | 16⅞ |
| Two months | 16 1/16-16 3/16 | 16 1/16-16 3/16 | — | 17⅝-17⅞ | 17⅛ | — | 15⅝ | 14⅞-14 9/16 | 16¼ | 16⅝ |
| Three months | 16½-16 5/16 | 16 5/16-16 7/16 | 16⅝-16⅝ | 17-17½ | 17 | 17-17⅛ | 15⅛ | 14 3/16-14 7/16 | 16⅜ | 16⅛ |
| Six months | 15⅞-15 15/16 | 15⅞-16 | 15½-16 | 15½-16 | 16⅝ | 16½ | — | — | 14⅞ | 15¼ |
| Nine months | 15⅛-14 15/16 | 15¼-15⅜ | — | 15⅝-16 | 15⅝ | 16 | — | — | — | — |
| One Year | 14½-14⅝ | 14⅝-14⅞ | 14 7/16-14 5/16 | 14⅝-15 | 15⅛ | 15½ | — | — | — | — |
| Two years | — | — | 14¼-14½ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14¼-14½ per cent; four years 14-14¼ per cent; five years 14-14¼ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15½ per cent; four-month trade bills 16⅞ per cent.

Approximate selling rate for one-month Treasury bills 14 25/32 per cent; two-months 14 13/16-14 27/32 per cent; three-months 14¾ per cent. Approximate selling rate for one-month bank bills 16 5/16-16¼ per cent; two-months 16¼ per cent; three-months 16¼-16 11/32 per cent; one-month trade bills 16¾ per cent; two-months 16¼ per cent, and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.9091 per cent.

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# AT and T outlines plans for telephone deregulation

BY DAVID LASCELLES IN NEW YORK

AMERICAN TELEPHONE and TELEGRAPH (AT and T), the U.S. utility which handles four-fifths of the country's telephone business, yesterday announced plans for a major restructuring which will prepare it for the forthcoming deregulation of part of the telephone business, and the entry of new competition into the field.

The reorganisation was foreshadowed by the recent proposal by the Federal Communications Commission that A T and T and General Telephone and Electronics, another large telephone company, should set up separate subsidiaries if they want to remain in the business of supplying customer equipment like telephones and switchboards, and the so-called "enhanced services" which combine telephones with combine telephones with computers.

*Charges for this equipment* and services would be free from the tariff control that affects most of the U.S. telephone industry.

A T and T said yesterday that it will soon establish a nationwide, fully separated subsidiary to market equipment and enhanced services, but that major structural changes would have to be made first.

Apart from the realignment of top level responsibilities within the $50bn a year in sales company, it will involve the purchase by the parent company of stock it does not already own in four telephone subsidiaries for just over $1bn. Mountain States Bell, New England Bell, Pacific Northwest Bell and Pacific Telephone.

A T and T will also consolidate all the pension funds of its member companies so that employees can be moved around more freely within the system.

Finally, A T and T will set up a new wholly owned subsidiary called A T and T International to handle its international activities.

# Fuqua launches $50m FRN

BY PETER MONTAGNON

FUQUA OVERSEAS Finance is to float a $50m, seven-year Floating Rate Note through Chemical Bank International. The issue carries a margin of ⅜ per cent over six-month Libor and is priced at par.

Initial *response in the Euro*bond market was lukewarm. Fuqua Industries, an Atlanta-based service and manufacturing concern which is guaranteeing the issue, is not a *particularly well-known* name and has a single B rating in the U.S.

It is paying a somewhat higher margin over Libor than other recent borrowers in the FRN market. It is understood that if the issue is successful the company might consider a straight bond at a future date. It is anxious to establish a presence on the Euromarket.

Straight dollar bonds meanwhile closed the day with losses of about ⅝ points on average.

Once again the market opened sharply lower as a follow on from the poor performance of government bonds in New York, but short-covering emerged at *the lower levels enabling prices* to recover some of their losses during the day. Business was mainly professional with investors still on the sidelines.

Trading in Deutsche Mark *foreign bonds was very res*trained yesterday ahead of today's meeting of the Bundesbank Central Council, *the first* following the summer recess.

The Bundesbank announced *yesterday morning that it would* not be holding a press conference after the meeting, although under its new policy this does *not necessarily mean no deci*sions will be taken.

The market is thus still in the dark, even though most bankers agree that with U.S. rates rising again the Bundes*bank only has limited room to* reduce official rates. Many believe that the furthest it will go today towards relaxing monetary policy is to cut the Lombard rate from 9.5 per cent.

*Swiss franc foreign bonds* shed about ⅛ point in fairly active trading.

# Bahrain to raise $300m

THE STATE of Bahrain has given ten international banks a mandate to raise a $300m two-year Eurocredit to meet financing requirements arising from Bahrain's 60 per cent takeover of the BAPCO refinery at Sitra, **Peter Montagnon writes.**

The credit carries a margin of ⅞ *per cent over Bahrain inter*bank rates and will be placed amongst Bahrain commercial banks and offshore banking units.

The banks are Arab Banking, Arab Petroleum Investments, Bank of Tokyo, Chase Merchant Banking, Gulf International, Lloyds Bank International, Midland Bank, The National Bank of Bahrain, National Commercial Bank (Saudi Arabia) and *Al-Ubaf group.*

Signing is expected during the second week of September.

# Brunswick disposal ordered by FTC

By Lachlan Drummond

BRUNSWICK CORPORATION, the Mercury outboard motor group, has been ordered by the Federal Trade Commission (FTC) to dispose of its 38 per cent holding in Sanshin Kogyo Company, a Japanese outboard motor company.

Sanshin is jointly owned with Yamaha Motor Company and the FTC has ordered that the Brunswick interest be sold to this company.

Brunswick has filed notice of appeal over the FTC order, which comes three years after an administrative law judge has dismissed a commission challenge to the joint venture between Yamaha and Brunswick.

*This decision was later* over-ruled by the FTC and it ordered the administrative law judge to find a suitable *remedy. The remedy, an*nounced in March this year, was the sale of the Sanshin stake. This decision has now been sustained by the FTC.

Sanshin manufactures out*board motors ranging from 2* horse power to 200 hp, with the majority of the products manufactured in Japan, with some of the larger engines built in the U.S.

*Brunswick has argued that* the introduction of the Sanshin engines, marketed under the Mariner label, has in*creased the competitiveness* in the U.S. market. Under the joint venture with Yamaha, Brunswick does not sell its share of the output in Japan and Yamaha does not sell its products in the U.S. Elsewhere, the two companies compete with their varying brand names, Brunswick offering separate dealerships in both Mercury and Mariner ranges, Brunswick said.

*Mercury's range of motors* extends from 3.6hp to 300hp and Brunswick's overall range includes the MerCruiser stern drive and inboard motors.

In the U.S. market Mercury Marine, the marine engine division, shares 85 per cent of the market with Outboard Marine Corporation's Evinrude and Johnson engines. Because of its two products, Outboard Marine has the largest slice and of the Mercury Marine share the Mariner range currently accounts for only a small part.

In 1979 Mercury Marine's sales, including parts and accessories and MerCruiser products came to $473m, compared with an estimated *total U.S. market for out*board engines of $596m and for the world of $760m.

In world terms Mercury's market share is more significant, but again the Sanshin, or Mariner, side of the operation has still to reach any size. Mariner products were first introduced in Australia in 1974 and only reached the U.S. in 1976.

Brunswick traditionally derives some 38 per cent of sales and 28 per cent of profits from its marine power operations, with bowling and billiard equipment, fishing supplies and medical and technical products making up the remainder.

In 1979 its net income totalled $51.4m, or $2.39 a *share on sales of $1.26bn.* For the first six months of the current year its earnings per share were cut to 17 cents a share after an 8 cent a share loss in the second quarter. *Sales totalled $599m,* with the recession biting into marine power products.

U.S. STORES RESULTS

# Sears Roebuck earnings dip

BY OUR NEW YORK STAFF

EARNINGS of Sears Roebuck, the largest retailer in the U.S., fell by one third in the second quarter of this year because of the sales slump caused by the recession and higher costs. But it believes that the worst is over.

Net income was $132.9m or 42 cents a share, down from $193.6m or 60 cents a share in the same period last year. Revenue was only up slightly from $5.99bn to $6bn.

Mr. Edward Telling, chairman, said: "The worst appears to be over for the consumer segment of the economy with a gradual improvement in the trend of general merchandise sales already underway."

He added that the upturn in home sales and renewed use of credit should add strength to sales of consumer durables and other housing-related goods. The recent decline in short-term interest rates should also help Sears' earnings, he said.

Sears' results were hit by the virtually flat performance of its Allstate insurance subsidiary, normally a large income gainer. Earnings were $114m, compared to $111m in the same period last year. The insurance industry is currently going through one of its cyclical slumps.

Sears' six months earnings were $191.9m or 61 cents a share, down sharply from $343.6m or $1.07 a share in the first half of last year.

**Dayton Hudson,** the Minneapolis-based retail chain, has seen a drop in the first half-year profits from $32m or $1.35 a share to $27.5m or $1.15 a share, although sales increased from $1.4bn to $1.6bn. Second quarter profits dipped from $17.5m or 74 cents a share to $14.3m or 60 cents a share, despite a sharp rise in sales from $742.6m to $854.6m.

The group said higher promotional markdowns produced a reduction in gross margins during the second quarter.

**Carter Hawley Hale,** major store operator in western U.S. and Canada, followed the trend with a report of lower earnings —$8.4m or 29 cents a share against $8.5m or 31 cents a share in 1979—in the second quarter but increased sales of $545.5m compared with $505.6m. First half earnings are now $14.5m or 50 cents a sabre, compared with $14.6m or 52 cents a share, on sales of $1.09bn compared with $992.3m.

**May Department Stores** of St. Louis saw earnings ease from $16.9m or 58 cents a share to $15.3m or 52 cents a share in the second quarter on sales of $679m against $646m. This *brought first half profits of* $27.7m or 95 cents a share, compared with $29.5m or $1.02 a share last year, on sales of $1.33bn against $1.25bn.

**Federated Department Stores** managed to edge profits forward in the second quarter, from $22.6m or 47 cents a share to $23.9m or 49 cents a share, with sales up from $1.26bn to $1.35bn. Profits for the first half totalled $50.4m or $1.04 a share, against $50.7m or $1.05 a share, on sales of $2.67bn, compared with $2.47bn previously.

# Petrofina bids for Esmark unit

BY OUR FINANCIAL STAFF

AMERICAN PETROFINA, the U.S. subsidiary of Petrofina of Belgium, has disclosed that it is one of several companies that has made a competitive bid for Trans Ocean Oil, a subsidiary of Esmark, the diversified food and chemicals group. However, it has not received any indication that it is the successful bidder.

*American Petrofina said that* normally such a bid would not be disclosed, but the statement had been made because of recent trading on the American Stock Exchange. It added that notwithstanding *the relatively* heavy trading, there are no new or unusual corporate developments.

American Petrofina also said that its controlling stockholder, American Petrofina Exploration, is purchasing for American Petrofina its common shares on the European market "for investment purposes."

American Petrofina Exploration, a wholly-owned unit of Petrofina SA of Belgium, owns 69 per cent of American Petrofina's 9.7m outstanding common shares.

Between August 6 and August 12, American Petrofina Exploration bought 13,000 American Petrofina shares, it added. The *company said the parent com*pany was not involved in trading on Monday

Esmark confirmed that American Petrofina has made a bid for Trans Ocean Oil but said it could not comment further while the process of receiving and evaluating bids continues.

American Petrofina earned $7.77 a share from sales of $1.6bn in 1979. The bulk of sales (81 per cent) and of earnings (78 per cent) come from *energy products,* such as crude oil operations, natural gas and conventional refined products.

Esmark announced in June, shortly before disclosing that profits would fall in the third *quarter, that it proposed to sell* substantial energy and petroleum units for an estimated $1bn.

# Tough going for Research Cottrell

By Our Financial Staff

DESPITE A sharp drop in third quarter earnings Research Cottrell, the U.S. pollution control equipment group, managed to keep net earnings ahead after nine months.

The third quarter saw net profis tumble from $2.39m to $1.34m, or from 55 cents a share to 28 cents, on sales almost $20m ahead at $97m.

After nine months net profits were up from $4.28m to $4.94m, reflecting the doubling of profits *in the first six months to $3.61m.*

Earnings per share for the nine months were $1.10 compared with 98 cents

# Earnings up sharply at Brascan

BY ROBERT GIBBENS IN MONTREAL

BRASCAN, the financial services, consumer products and resource group controlled by the Peter and Edward Bronfman interests, has reported second quarter earnings of C$15.6m ($13.44m), or 57 cents a share against C$6.6m, or 23 cents a year earlier.

In the first six months *earnings were C$35.2m or* C$1.29 a share, against C$9m, or 29 cents, on revenues of C$73.9m against C$52.1m.

The company said that given its present assets and financial structure second-half earnings should equal or exceed those of the first half.

The company said that the improvement in first-half results reflected increased contributions from natural resources operations, its investment in John Labatt, the Canadian brewer, financial services and *investment income. Earnings of* Great Lakes Power were reduced mainly because of an increase in the amount of purchased power.

During the second quarter the group increased its stake in Labatt from 26.7 per cent to 32.1 per cent and in the London Life insurance concern from 29.7 per cent to 33.5 per cent.

Brascan also said that in the second quarter it had made further investment purchases of shares in consumer product companies "in pursuit of our *investment strategy."* However it did not give details of the purchases but it is understood Quaker Oats, the U.S. food group, was one of its targets.

# U.S. rejects ban on nitrites

By Our New York Staff

THE FEDERAL Drug Administration and the Department of Agriculture have decided for the time being not to ban nitrites, a meat preservative.

The decision follows a two-*year re-examinatio of evidence* that nitrites caused cancer in rats. The review concluded that the evidence could be interpreted differently to cast doubt on the existence of cancer in the treated rats.

However, the government agenies have commissioned a further study from the National Academy of Sciences.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. *For further details of these or other bonds see the complete list of Eurobond prices published* on the second Monday of each month.

Closing prices on August 20

U.S. DOLLAR STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

Average price changes... On day −0½ on week −1

DEUTSCHE MARK STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

SWISS FRANC STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

YEN STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

OTHER STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

FLOATING RATE NOTES

| | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

Average price changes... On day 0 on week −0½

CONVERTIBLE BONDS

| | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |
| Blocker Energy 8½ 95 | 1/81 | 21.87 | 94 | 95 | 0 | 18.13 |
| Canon 6¾ 94 | 8/79 | 570 | 111¾ | 112¾ | −0½ | 0.48 |
| Credit Suisse 4¾ 93 | 10/79 | 1278 | 108 | 110 | −0½ | −2.99 |
| Daiei Inc. 6½ 94 | 11/79 | 927.3 | 97¾ | 98½ | −0¼ | 24.00 |
| DDKK 11 90 | 4/80 | 324 | 105 | 106 | 0 | 22.64 |
| Dynalectron 9½ 95 | 8/80 | 12.22 | 107 | 109 | +0½ | 1.52 |
| Ensearch Fin. 9½ 94 | 7/80 | 30.25 | 119 | 120½ | −6⅝ | −5.27 |
| Meidensha Elec. 7 94 | 12/79 | 210 | 101⅝ | 102¼ | −0⅝ | 5.86 |
| MEPC 8¾ 96 | 2/81 | 2.47 | 102¾ | 103½ | 0 | 7.98 |
| Mitsubishi Cp. 6½ 94 | 10/79 | †549.1 | 129 | 130½ | −2½ | 0.73 |
| Nippon Seiko 7⅛ 94 | 12/79 | †339 | 109 | 110 | −2 | −4.51 |
| SBC 6¾ 90 | 9/80 | 200 | 99 | 100 | +0½ | 3.72 |
| Toshiba Cpn. 7¼ 94 | 10/79 | 198 | 103⅛ | 104⅛ | −0½ | −1.83 |
| Union Bk. Switz. 5 89 | 2/80 | 121.4 | 97 | 98 | 0 | 0.79 |
| Fujitsu 5 84 DM | 7/79 | 475 | 106½ | 107½ | +0⅛ | 0.76 |
| *Kansai Elec. 4 84 DM* | 4/79 | 1210 | 88⅞ | 89⅞ | −0½ | 40.12 |
| Sharp Cpn. 6½ 88 DM | 9/80 | 595 | 104½ | 105½ | −0¼ | 1.63 |
| Uny Co. 6½ 85 DM | 11/79 | 1071 | 98⅝ | 99⅝ | 0 | 23.63 |

* No information available—previous day's price.

† Only one market maker supplied a price.

**Straight Bonds:** The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units *except for Yen bonds where it is in billions.* Change on week = Change over price a week earlier.

**Floating Rate Notes:** Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. *Spread* = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. *C.yld = The current yield.*

**Convertible Bonds:** Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# U.S. QUARTERLIES

CENTRAL & SOUTH WEST

| Year | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 1.54bn | 1.37bn |
| Net profits | 178.8m | 160.6m |
| Net per share | 2.26 | 2.26 |

HEWLETT-PACKARD

| | 1980 $ | 1979 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 810.0m | 620.0m |
| Net profits | 70.0m | 52.0m |
| Net per share | 1.15 | 0.83 |
| Nine months | | |
| Revenue | 2.22bn | 1.88bn |
| Net profits | 189.0m | 147.0m |
| Net per share | 3.15 | 2.50 |

LUCKY STORES

| | 1980 $ | 1979 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 1.56bn | 1.4bn |
| Net profits | 19.5m | 22.3m |
| Net per share | 0.39 | 0.46 |
| Six months | | |
| Revenue | 3.05bn | 2.7bn |
| Net profits | 38.4m | 39.9m |
| Net per share | 0.76 | 0.83 |

WALMART STORES

| Six months | 1980 $ | 1979 $ |
|---|---|---|
| Revenue | 687.17m | 530.25m |
| Net profits | 20.61m | 15.57m |
| Net per share | 1.31 | 1.20 |

WINN-DIXIE STORES

| | 1980 $ | 1979 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 1.31bn | 1.16bn |
| Net profits | 23.28m | 25.54m |
| Net per share | 0.88 | 0.91 |
| Year | | |
| Revenue | 5.39bn | 4.93bn |
| Net profits | 91.95m | 94.46m |
| Net per share | 3.42 | 3.33 |

# Downturn in steel division halves Estel's income

BY CHARLES BATCHELOR IN AMSTERDAM

THE WORSENING international economy depressed the results of the Dutch steel group Estel Hoesch-Hoogovens in the second quarter.

The company expects production levels and sales volume to fall during the second half of the year, continuing the decline which began in the second quarter. Estel has already begun to adapt production and reduce costs accordingly.

The decline in the company's profits was entirely due to the company's steel division, which made a considerable loss in the quarter. The company could not pass on higher costs in its selling prices, partly due to the inability of the European Commission to ensure that its market regulations were applied.

Estel made a pre-tax loss of Fl 61.4m ($31m) in the second quarter compared with a profit of Fl 15.6m a year earlier. The loss more than doubled to Fl 115m in the first half compared with a loss of Fl 55.2m a year ago.

Turnover rose nearly 5 per cent to Fl 3.48bn ($1.8bn) in the quarter over the same 1979 period, while first half sales were 13 per cent higher at Fl 7bn.

The operating profit was more than halved to Fl 39.9m in the second quarter compared with Fl 98.6m last year. The decline was less steep in the first half—a fall of 15 per cent to Fl 95.8m. Operating profit amounted to only 1.1 per cent of turnover compared with 3 per cent in last year's second quarter and fell to 1.4 per cent from 1.8 per cent in the first half.

Income from minority holdings was slightly higher in this year's second quarter at Fl 18.5m but the interest charge also increased, by 27 per cent to Fl 121.2m.

With the exception of the steel division, Estel's other operations improved their results compared with the first quarter of 1980. Turnover in the steel manufacturing division fell slightly because of the decline in demand from the car and building industries but a net profit was made.

The trading division slightly increased its profit from the first quarter, despite a fall in the profit of stockholding operations in West Germany.

Pig iron production rose 2.5 per cent to 4.46m tonnes in the first half while crude steel production was practically unchanged at 5.49m tonnes. Production of rolled steel products fell 2 per cent to 4.56 tonnes.

# Orders and sales rise at AEG

BY KEVIN DONE IN FRANKFURT

AEG - TELEFUNKEN, West Germany's second largest electrical and electronics group, still expects a loss of DM 100m-200m ($56m-112m) this year, despite a healthy growth in new orders and sales in the first six months of 1980.

According to a letter to shareholders the company is uncertain of its ability to cut back losses further because of the difficult mabrket conditions for sales of household appliances and home entertainment products such as televisions, radios and stereos.

About half of this year's deficit will accrue from the implementation of the AEG rescue programme, which is aimed at restructuring and cutting back loss-making activities.

Last year the group ran up total losses of DM 968m, of which about DM 524m were accounted for by the mounting costs of the re-organisation. AEG said yesterday that the fruits of this work would not begin to show through clearly in the group's profitability until next year.

Orders booked by AEG in the first six months of 1980 rose by 13 per cent to DM 7.3bn compared with DM 6.5bn in the corresponding period of 1979.

Business was attracted almost equally in the domestic market and abroad, but foreign sales are still one of the group's major weaknesses.

Sales in the first half of 1980 increased by 7 per cent to DM 6.5bn, but while domestic sales rose by 11 per cent to DM 3.8bn, sales in foreign markets registered only a marginal rise of 2 per cent to DM 2.7bn.

The workforce is being slowly reduced in line with AEG's overriding aim of increasing productivity. By the end of June the domestic workforce had been cut by 6,400 to 122,200 and further reductions are expected in the second half. By the end of the year the workforce in West Germany is expected to fall to around 118,000.

For the whole year AEG is still hoping to reach its target of increasing both sales and new orders to around DM 15bn.

The main impulse for growth in orders this year has been the capital goods sector, where the value of new work taken in the first half of the year was 20 per cent higher

# French pulp maker given moratorium on payments

BY DAVID WHITE IN PARIS

A PAYMENTS moratorium has been granted to the leading French pulp producer Groupement Europeen de la Cellulose to allow more time for discussions on a new ownership structure.

The moratorium will allow the company to survive for at least a further three months while French authorities look for partners to replace MacMillan Bloedel of Canada, which took over responsibility for management in early 1978.

MacMillan Bloedel, which has a 34.4 per cent stake, made clear in February this year that it wanted to pull out.

Groupement Europeen de la Cellulose has run up a total of FFr 312m ($75m) in losses in the past three years. Last year, however, it cut its deficit by two-thirds to FFr 60m. Its outstanding debts are estimated at FFr 500m.

French paper companies, which already hold 36 per cent of the shares, have shown little willingness to inject new capital. The future of the company has been the subject of sharply conflicting views for some time, particularly the question of a projected newsprint plant at Strasbourg.

The French authorities are clearly anxious to find an early solution because of the company's key role in the forestry sector

# First half profit gain at Dutch bank

By Our Financial Staff

NEDERLANDSCHE Middenstandsbank, one of the big four banks in Holland, reports a rise of 21 per cent to Fl 91.6m ($47m) in net profits for the first half of 1980.

The performance provides further evidence of the continued profits growth of the Dutch banking sector. Earlier this month Amro and ABN reported six month earnings gains of 19 per cent and 22 per cent respectively.

For the whole of 1979, NMB turned in net profits 25 per cent higher at Fl 157m and raised its dividend by Fl 1.5 to Fl 13.5 a share.

The bank's balance sheet total at the end of June stood at Fl 44.1bn. This compares with Fl 36.7bn a year earlier and with Fl 40.5bn at the close of 1979.

The half-year results are struck after bad debt provisions of Fl 84.3m, up Fl 20.1m on the opening half of last year, and tax of Fl 80.1m, against Fl 61.4m.

The half-year provisions set aside by Amro and ABN both totalled Fl 90m, a rise of Fl 20m for Amro but a reduction of Fl 14m for ABN.

● Elsevier-NDU, the Dutch publishing group, expects its six month results to be significantly lower. In the 1979 first half the group reported a net profit of Fl 26m on a turnover of Fl 567m.

# Daf to cut truck output

BY OUR AMSTERDAM CORRESPONDENT

DAF TRUCKS, the Dutch commercial vehicle maker, plans to halt production for two weeks in December in response to the decline in the international truck market.

Demand is particularly depressed in Britain, which is Daf's main export market. It took 4 per cent of the British market last year. The shutdown will run from December 22 to January 2.

The company also plans to reduce production levels slightly at the start of next year to prevent too large a build-up of stocks. This second move will have no impact on the work force and the plan has been approved by the central works' council.

Daf expects to sell 15,500 vehicles this year, though a decline in the number of new orders will reduce the size of its order book. In 1979 Daf made a record 15,123 vehicles

# Opposition grows to Saga bid for Dyno

BY FAY GJESTER IN OSLO

SAGA PETROLEUM, the Norwegian oil company owned by about 90 Norwegian business, shipping and industrial firms, seems unlikely to secure the controlling stake it is seeking in Dyno Industrier. Dyno's board and corporate assembly voted unanimously on Tuesday to support the management's opposition to a takeover by Saga.

As a first step, Saga had offered to buy the 36 per cent stake in the company held by Norsk Hydro and Elkem-Spigerverket, two leading Norwegian industrial concerns. The unanimous vote by Dyno's board makes it unlikely that either group will be prepared to sell. Mr. Johan Holte, Dyno's chairman, is also chairman of Norsk Hydro's board, while Mr. K. K. Kielland, another Dyno board member, is Elkem's managing director.

Mr. Trygve Tamburstuen, Norway's Deputy Minister for Industry, welcomed the Dyno board decision. He said that the Government felt it was best for the company to be owned by "genuine industrial interests."

● Danish sugar and food processing and machinery, De Danske Sukkerfabrikker, has increased its dividend from 12 per cent to 15 per cent for the year ended June 30. Group net earnings rose from DKr 121m to DKr 145m and earnings before tax rose 30 per cent to DKr 280m.

## Trade Development Financial Services N.V.

**U.S. $40,000,000**

**Guaranteed Floating Rate Notes Due 1986**

In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from 21st August, 1980 to 23rd February, 1981, the Notes will carry an Interest Rate of 11 15/16% per annum. The relevant Interest Payment Date will be 23rd February, 1981.

Credit Suisse First Boston Limited
Agent Bank



### VONTOBEL EUROBOND INDICES

14.5.76=100%

| PRICE INDEX | 12.8.80 | 19.8.80 | AVERAGE YIELD | 12.8.80 | 19.8.80 |
|---|---|---|---|---|---|
| DM Bonds | 97.44 | 97.37 | DM Bonds | 8.130 | 8.143 |
| HFL Bonds & Notes | 95.28 | 94.99 | HFL Bonds & Notes | 9.588 | 9.648 |
| U.S. $ Strt. Bonds | 90.83 | 89.48 | U.S. $ Strt. Bonds | 11.139 | 11.353 |
| Can. Dollar Bonds | 93.47 | 92.47 | Can. Dollar Bonds | 11.395 | 11.611 |

## PUBLIC NOTICES

**BIRMINGHAM COUNCIL BILLS**
£8.0m 91 day Bills issued 21st August 1980 mature 20th November, 1980. Applications totalled £62m. Minimum accepted price £96.31. Average rate of discount £14.80%. Total Bills outstanding £25.25m.

**CITY OF NEWCASTLE-UPON-TYNE**
£10m 91 day bills issued 20th August 1980, due 19th November 1980 at 14 57-64ths per cent. Total applications £42m. No others outstanding.

**EAST SUSSEX COUNTY COUNCIL**
£3m 91 day bills issued 20th August 1980, due 19th November 1980 at 14 57-64ths per cent. Total applications £39m. Outstanding £10m.

**GREATER LONDON BILLS**
£35m Bills issued 14th August, 1980, maturing 13th November, 1980 at 14.8606%. Total applications £189m. Bills outstanding £60m.

**HERTFORDSHIRE COUNTY COUNCIL**
£3m 91 day bills issued 20th August, 1980, due 19th November, 1980 at 14 57-64ths per cent. Total applications £16m. Outstanding £9.5m.

**SOLIHULL METROPOLITAN BOROUGH**
£1.0m Bills due on 19th November, 1980 were offered on 20th August, 1980 and were allocated at a rate of 14[illegible]%. Applications totalled £9m. This issue will bring the total of Bills outstanding to £4m.

## CLUBS



## LEGAL NOTICES

COMPANIES W.U. 178

In the Matter of FLEXGRADE ENGINEERING LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that the Creditors of the above named Company, which is being voluntarily wound up, are required, on or before the 15th day of September 1980 to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their solicitors (if any) to the undersigned

LAURENCE JACK GERRARD,
Chartered Accountant,
of Adam House,
14 New Burlington Street,
London W1X 2BU

the Liquidator of the said Company and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 14th day of August, 1980.

# INTL. COMPANIES & FINANCE

## Brambles boosts earnings and plans rights issue

BY JAMES FORTH IN SYDNEY

BRAMBLES INDUSTRIES, the transport, energy, and materials handling group, boosted group profit by 24 per cent in the year to June, and plans to raise A$10.9m (US$12.62m) by a rights issue for expansion. Earnings rose from A$14.7m to A$18.2m (US$21m), despite a sharp increase in tax from A$2.6m to A$7.9m.

In addition to the trading surplus, Brambles earned extraordinary profits of A$2.6m, including A$1.8m from the sale of two subsidiaries. The dividend is raised from 10.5 cents a share to 12 cents, and is covered by earnings of 26.5 cents, compared with 24.2 cents in the previous year.

The rights issue will be on the basis of one new share for every 10 held, at an issue price of A$1.35. Brambles shares closed on the Sydney stock exchange yesterday at A$2.52. Books close on October 10 to decide entitlements, and convertible noteholders as well as shareholders can participate. Applications close on November 14.

The directors said that the result reflected the benefits of the increased market share in Brambles' established businesses, reorganisation, and divestment. The company provides a number of services to the energy industry, and expects that further capital expenditure will be needed to exploit new contracts as mining projects develop.

The result was achieved on a 17.6 per cent rise in group revenue to A$288m. The profit included a maiden dividend of A$450,000 from the GKN Chep operations in the UK.

In Australia, the transport and plant services group turned in very satisfactory results. Directors expect the upward trend to continue in 1980-81, with a further heavy capital expenditure needed to exploit new contracts.

## Midway advance at Tiger Oats

BY JIM JONES IN JOHANNESBURG

TIGER OATS, the diversified South African food company, increased first-half, pre-tax profit by 21.7 per cent to R35.9m ($US47.2m) in the six months to June 30, 1980. This compares with R29.5m for the first half of 1979 and R61.2m for the whole of last year. Turnover during the six months was R522m (U.S.$687m) against R418m in the corresponding period of 1979, and R941m for the whole of the year.

As Mr. Rudi Frankel, the chairman, warned in his 1979 statement to shareholders, competition remains intense in the food industry, despite higher demand. However, the company is satisfied with trading conditions and, barring any unforeseen circumsances, expects the present growth rate to be maintained during the current six months.

Tiger's first-half results were enhanced by sharply improved operations at the 67 per cent owned pharmaceutical subsidiary, Adcock-Ingram, and consolidation for the full period of the recently acquired Bremer Mills maize and wheat milling operation. On the other hand, Tiger's fishing subsidiaries, Sea Products, Lamberts Bay Holding, and United Oceana, have all reported significantly lower earnings for the period.

Little improvement is expected from this source until the South African inshore fishing industry starts recovering from the currently depressed catches and the depletion of fish shoals.

Tiger has declared an interim dividend of 35 cents a share from first-half earnings per share of 154 cents. In 1979 a 25 cent interim was paid from first half earnings of 125 cents. Earnings for 1979 were 266 cents and a total dividend of 66 cents was paid.

## Metro Holdings lower after accounting change

BY GEORGIE LEE IN SINGAPORE

METRO HOLDINGS, the major Singapore department store operator, has reported lower profits for the financial year ended March 1980, following an adjustment to the 1978-79 accounts. Group pre-tax profit declined by 25 per cent to S$ 5.86m (U.S.$ 2.75m), and profit after tax decreased by 26 per cent to S$3.04m. Operating profit, however, shows a rise of 20.7 per cent to S$5.99m.

Metro said that the declines in pre-tax and post-tax profit were caused by an adjustment in the 1979 accounts amounting to S$ 2.2m due to the change in the accounting estimate used to determine the net realisable value of merchandise stock.

Turnover expanded by 24.4 per cent to S$ 139.9m. The first and final gross dividend is held at 12 per cent.

* * *

SPURRED ON by the strong demand for cement arising from the boom in construction activities in Singapore and west Asia, Jurong Cement chalked up a rise of 73 per cent in group profit in the year ended March to S$3.92m (US$1.84m) against S$2.26m previously. Group sales advanced by 28 per cent to S$40.98m.

After tax of S$628,000 net profit was S$3.29m. The group paid no taxes in the previous year.

Jurong has declared a first and final gross dividend of 7.5 per cent.

## ACI chief warns on profit level

By Our Financial Staff

A WARNING that the net profit level for 1979-80 of A$40.60m (U.S.$47m) by Australian Consolidated Industries (ACI) the glass, packaging and plastics group, was not good enough, was given by Mr. Andrew Grimwade, the chairman, in Melbourne yesterday.

At the annual meeting he said that while ACI profit had improved steadily over the past four years, it was still below an acceptable level of return on shareholders' funds of A$391m.

He added that while 1980-81 started on an encouraging note, with sales and profits in April above the year ago level, figures for the two subsequent months were less satisfactory.

## TIGER OATS AND NATIONAL MILLING COMPANY, LIMITED

*(Incorporated in the Republic of South Africa)*

**INTERIM REPORT AND DIVIDEND ANNOUNCEMENT**

The unaudited results of the group for the six months ended 30th June, 1980, are as follows:—

| | 1980 R'000 | 1979 R'000 | Year ended 31.12.79 (audited) R'000 |
|---|---|---|---|
| Group Turnover | 522 000 | 418 000 | 940 581 |
| Group trading profit, before taxation | 35 878 | 29 480 | 61 249 |
| Taxation | 13 421 | 10 772 | 21 521 |
| Group profit, after taxation | 22 457 | 18 708 | 39 728 |
| Outside shareholders' interest in trading profit of subsidiaries | 3 450 | 3 059 | 7 118 |
| | 19 007 | 15 649 | 32 610 |
| Preference dividends | 1 690 | 1 654 | 3 344 |
| Group earnings attributable to ordinary shareholders | 17 317 | 13 995 | 29 266 |
| Number of ordinary shares in issue | 11 243 371 | 11 162 697 | 11 170 232 |
| Earnings—cents per share | 154 | 125 | 262 |

The above figures do not embrace the operations of associated companies except to the extent of dividends received during the six months ended 30th June, 1980, and which are included in group earnings. If the undistributed profits in respect of the six months trading periods of those associated companies in which at least 30% of the equity share capital is held, are taken into account, the above group earnings in respect of the period under review would amount to 186 cents per ordinary share (six months ended 30th June, 1979: 149 cents).

Notes:

1. The group turnover of R522 000 000 for the period under review represents an increase of 24.9 per cent over the figure of R418 000 000 for 1979, stated above, and excludes turnover of associated companies amounting to approximately R557 000 000 (six months ended 30th June 1979: R461 000 000).
2. Commitments for capital expenditure at 30th June, 1980, amounted to approximately R11 600 000, which will be financed from the group's resources.
3. Since the end of the previous financial year the company acquired:—
   (i) the entire issued share capitals of Ixopo Bakery (Pty) Ltd., and The Cake Artists (Pty) Ltd.;
   (ii) the remaining 66.67% of the issued share capital of Hypro Products (Pty) Ltd.; and
   (iii) an additional 5% of the issued share capital of Republic Grain Enterprises (Pty) Ltd.
   During the same period, the company disposed of its shareholding in Mafeking Creamery Ltd.
4. Trading conditions remain satisfactory and, in the absence of unforeseen circumstances, it is anticipated that the present rate of growth will be maintained for the six months ending 31st December, 1980.

On behalf of the board,
R. L. Frankel, D. O. Beckingham — Directors

**DECLARATION OF INTERIM DIVIDEND NO. 71—ORDINARY SHARES**

NOTICE IS HEREBY GIVEN that an interim dividend (No. 71) of 35 (thirty-five) cents per share has been declared payable to shareholders registered in the books of the company at the close of business on the 19th day of September, 1980.

The dividend is declared in the currency of the Republic of South Africa and warrants in payment thereof will be posted to shareholders, by the company's transfer secretaries in South Africa and in the United Kingdom, on or about the 31st October, 1980.

Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 21st October, 1980, of the rand currency value of their dividends (less appropriate taxes).

The transfer books and registers of members will be closed from the 20th September to the 3rd October, 1980, both days inclusive.

The effective rate of non-resident shareholders' tax is 15%.

By order of the board,
H. YUDELOWITZ, Secretary.

Registered Office:
15th Floor, Wesbank House,
222 Smit Street,
Johannesburg 2001.

London Office:
40 Holborn Viaduct,
London EC1P 1AJ.

19th August, 1980.

Transfer Secretaries:
Consolidated Share Registrars, Limited,
"Libertas," 62 Marshall Street,
Johannesburg 2001
(P.O. Box 61051, Marshalltown 2107, TVL)
and
Charter Consolidated Limited,
P.O. Box 102, Charter House,
Park Street, Ashford,
Kent TN24 8EQ.

# WORLD STOCK MARKETS

# Mixed early Wall St. showing

AFTER THE recent setback, Wall Street put on a mixed performance in another active early trade, with some investors continuing to secure profits against the threat of an uptrend in interest rates.

The Dow Jones Industrial Average, after falling about 27 points over the past two days from last Friday's three-year high, fluctuated narrowly before recording a marginal decline of 0.77 at 939.08 at 1 pm yesterday. The NYSE All Common Index managed to recoup 13 cents at $70.45, although falls held a small lead over rises. Trading *Volume amounted to 27.28m* shares, compared with the previous days 1 pm level of 29.87m.

The market had been rising since late Apirl in response to a rapid fall in interest rates, and recently hit record levels as measured by some indices. However, a sharp jump in the latest weekly money supply figures, a Prime Rate increase by Chase Manhattan Bank and recent Bond market weakness raised fears rates might take a major upturn.

*Analysts* said, however, that a lack of heavy selling by institutions, recent strong buyers, suggested the market action was as much a normal correction to its recent rise as a reaction to higher interest rates.

**New England Telephone** rose 3¼ to $37⅞, but **American Telephone** slipped ¼ to $52⅝. **AT and T** plans to buy the Common stock it does not already own of four of its subsidiaries, including New England Telephone. Trading in the shares of the other three remained halted.

**Sears Roebuck** put on ¼ to $18 despite reporting a steep fall in fiscal second-quarter profits. **May *Department Stores*** *lost ¾ to $25* on lower July-quarter net earnings.

**Sabine** jumped $3 to $62¾. It is operator for a group that has a multi-zone oil well in the Edson area of Alberta.

THE AMERICAN SE Market *Value Index recovered 2.33 to* 319.87 at 1 pm on volume of 3.56m shares (3.72m), but overall movements on the exchange were mixed.

**Closing prices for North America were not available for this edition.**

## Canada

Markets adopted a firmer stance in active dealings yesterday morning, reversing the recent downtrend. The Toronto Composite index rallied 8.9 to 2,212.8 at noon, while Golds rose 112.7 to 4,865.3 and Oil and Gas 29.5 to 4,741.3. In Montreal, Banks gained 1.54 to 384.11 and Utilities 2.34 to 267.54.

Gold issues followed international Bullion prices higher. **Dome Mines** rose 3½ to C$124½, and **Sigma Mines** 2¼ to C$43¾.

## Tokyo

The market was fairly active and there was selective buying interest for Constructions, Foods, some Light Electricals and Trading Houses, Resources-related Issues, *Non-ferrous Metals,* Machine Tools and speculatives, but a number of Blue Chips and Pharmaceuticals lost ground.

The Nikkei-Dow Jones Average put on 14.21 more to 6,878.76 and the Tokyo SE index finished 0.58 higher at a new 1980 peak of 478.39, while advancing issues held an edge over declines by 316 to 276. Turnover contracted to 300m shares from Tuesday's substantial figure of 480m.

**Nippon Oil,** Y30 higher at Y1,240, continued to lead energy shares generally ahead on news *that it has found signs of oil* deposits on the shelf between Japan and South Korea. **Arabian Oil** advanced Y40 to Y2,660, but **Teikoku Oil** receded Y8 to Y987.

**Mitsui Mining** gained Y9 at Y690, while among Trading Houses, **C. Itoh** climbed Y14 to Y438 and **Mitsubishi** Y10 to Y715.

Among Light Electricals, **Pioneer Electronic,** Y2,220, and **TDK Electronic,** Y2,730, put on Y20 apiece, while **Sony** hardened Y10 to Y2,610, but **Sharp** lost Y7 to Y610.

## Germany

After the recent downtrend, shares made a mixed showing yesterday as uncertainty about today's Bundesbank Central Council meeting mounted.

Among Engineerings, **KHD** picked up DM 1 but **Deutsche Babcock** declined DM 4.50. **Brown Boveri** hardened DM 1.30 in Electricals, but **Commerzbank** lost DM 1.50.

In Steels, **Hoesch** fell DM 1.10 *to DM 25.10 after its joint company* Estel reported a second-quarter loss. **Thyssen** shed DM 1.

Public Authority Bonds recorded declines extending to 50 pfennigs but some issues showed small gains. The Bundesbank bought DM 5.1m nominal of paper after buying DM 19.4m on Tuesday.

## Milan

Insurance, Real Estate and Bank issues again led the market *mainly ahead in heavy trading,* taking the Banca Commerciale Italiana index up a further 2.16 to a 1980 high of 128.23.

The session ran 1½ hours beyond the scheduled close because of the heavy volume resulting from continuing demand by investors and holding groups expecting a devaluation of the lira.

However, there were again a number of Industrial issues lower against the trend on the poor business prospects for the autumn. **Fiat** lost L80 to L1,530 and **Finsider** L4 to L60.

## Johannesburg

Gold shares *mainly improved* afresh as the Bullion price rose above *$630, but trading was* fairly *quiet and a few issues* eased against the trend on overseas selling.

**Durban Deep** rose R1.50 to R41.50 and **St. Helena** R1.25 to R56.50, but **Welkom** lost 25 cents to R21.50.

Mining Financials were mixed to firmer. Diamond leader **De Beers,** *however, fell 35 cents to* R11.65 following the results.

Industrials remained firmer-inclined, with **Tiger Oats** adding 35 cents at R16.50.

## Australia

With investors apparently finding little inspiration in the Federal Budget, stocks mainly traded within a narrow range yesterday in quiet trading, although with a bias to higher levels. The Sydney All Ordinaries index gained 3.29 to 965.46.

Among Uraniums, **Peko-Wallsend** improved 20 cents to A$9.00 on the strength of uranium deals with Germany and Japan, but **EZ** shed 4 cents to A$6.66.

**Mining Houses of Australia** firmed 10 cents to A$2.00 on news of a joint-venture agreement with BP Australia to explore for shale oil.

**Kitchener Mining,** with gold leases in Western Australia, featured wih a rise of 55 cents at A$2.90.

Elsewhere in Minings, **CRA** put on 4 cents to A$6.10 and **Western Mining** 6 cents to A$6.16, but **Utah** lost 10 cents at A$5.30.

On the Industrials board, leader **BHP** gained 20 cents to A$15.50, but **Elder Smith** shed 15 cents to A$3.10.

## Hong Kong

After Tuesday's setback on profit-taking prompted by interest rate worries, the market moved uncertainly yesterday in further active trading before finishing on a rather mixed note.

**Hong Kong Wharf** provided a strong spot at HK$78.50, up HK$3.50, although most leaders ended with modest declines. **Jardine Matheson** lost 10 cents at HK$20.00 and **Hang Seng Bank** HK$1 at HK$137, but **Cheung Kong** put on 10 cents to HK$22.40.

## NEW YORK

## CANADA

## BELGIUM (continued)

## HOLLAND

## AUSTRALIA

## JAPAN (continued)

## Indices

## DENMARK

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## SINGAPORE

## SOUTH AFRICA

## SWEDEN

## JAPAN

## AUSTRIA

## SWITZERLAND

## BELGIUM/LUXEMBOURG

## BRAZIL

## NEW YORK ACTIVE STOCKS

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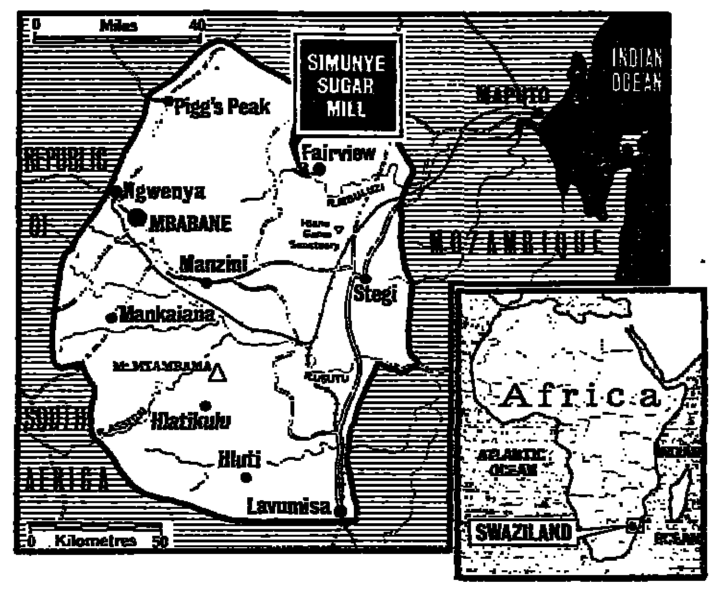
# FINANCIAL TIMES SURVEY

Thursday August 21 1980


# Swaziland Sugar Project

On Wednesday of next week, King Sobhuza II of Swaziland will open the country's new sugar complex; for which he chose the name Simunye—"we are one." Twelve diverse backers were drawn together and within three years a remote area of scrubland has been transformed into a site poised to produce 120,000 tonnes of raw sugar a year.

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**Swaziland is a member of the Rand Monetary Area and its currency, the Lilangeni (plural Emalangeni) is on a par with the Rand. R1=£1.78.**

## On time and set to make profits

By John Edwards
*Commodities Editor*

CREATING SOMETHING out of nothing is one of the most satisfactory achievements. When it is achieved successfully and profitably that is even more pleasing. Such is the case with the Simunye sugar project in Swaziland. The recent Brandt Commission report hammered home the message that it is vital for the benefit of future generations to enlarge the world's resources by utilising the spare productive capacity in under-developed countries. This is not only for humanitarian reasons, but also as a matter of self interest if the world is to cope with its rapidly growing population and avoid a confrontation between the haves and the have-nots.

The Simunye project is unusual in many ways. It has been completed on schedule and the budget exceeded by a mere 1 per cent. Anyone involved with this kind of development will appreciate just how unusual that is. However, another unusual feature, which is of considerable significance, is the bringing together of the financial backing from many diverse sources: there are 12 altogether.

These include Tate and Lyle, Coca Cola Export Corporation, the Nigerian Government, Mitsui, Barclays Bank, as well as financial agencies in Germany and Africa, plus international organisations like the World Bank (through the International Finance Corporation), the European Investment Bank, the Commonwealth Development Corporation, the Swazi Nation, and the Swaziland Government itself, aided by the African Development Bank.

It was the bringing together of these diverse interests that is believed to have inspired King Sobhuza at the dedication ceremony in 1978 to name the project Simunye, which roughly translated means "we are one." The King, who recently celebrated his 81st birthday, has taken a special interest in the Simunye project. It has many benefits for Swaziland in creating employment, developing a part of the country that has until now been arid scrubland, and in increasing the country's export earnings and wealth. The success achieved is of considerable importance in establishing the credibility of Swaziland in the eyes of international investors.

There has certainly been a large element of luck. The development coincided with a recession in neighbouring South Africa, which resulted in costs and services of the contractors being available at very competitive prices. Production also came on stream at the right time just when the world sugar market had recovered after several years of acute depression and very uneconomic prices.

Nevertheless, the determination of the Swazi Government to go ahead, and the backing it received from Tate and Lyle, who have masterminded the whole project, were crucial factors behind the success. It is not generally realised, sitting in London, just what is involved in establishing what appears to be a fairly modest project — the introduction of a £70m sugar mill with a production capacity by 1982 of 120,000 tonnes of raw sugar, thus raising the country's total sugar output to over 400,000 tonnes.

### Feasibility study

It started as far back as 1973, when a local farmer—Claude Kockatt — is generally credited with putting forward the idea that the land in the north-east region on the low veldt could be developed to enlarge the country's sugar production. A feasibility study by the Commonwealth Development Corporation, which has a big stake in one of the country's existing sugar mills, came to the conclusion that it would make more economic sense to extend the established production.

But Tate and Lyle were then called in to give an alternative view, bearing in mind the Swazi Government's desire to provide more jobs and raise its export earnings, as well as developing economic activity in the rural areas. This was completed in 1975, when it agreed that a third sugar mill in the country was justified, and the Government went into partnership with Tate and Lyle to bring the project into being.

However, it then took nearly three years to get together the 12 investors and financial institutions that constitute the unusual multi-national consortium providing the backing. Finally, at the end of 1977, the Royal Swaziland Sugar Corporation was formed by nine partners, with the Government having the dominant share, to go ahead with the project bearing in mind the guidelines and constraints insisted on by the financial backers.

Concurrently, the Swazi Government went ahead separately, drawing on other financial support, with the construction of the Mnjoli Dam that is a vital ingredient of the whole Simunye project. Without this supply of water it could not exist.

The name of the dam, which was completed last year, was also thought up by the King. Mnjoli is the local name given to the God of Rain.

After 1977 development work proceeded very quickly, bearing in mind the fact that the area, which is now covered by green cane fields, townships and the factory, was the kind of sparse, scrubland to be found in the wild game park that has been preserved carefully next to Simunye as part of the King's awareness of environmental considerations.

The infrastructure required to create a new economic and social base in an undeveloped rural areas miles from anywhere —it is one and a-half hours drive from the capital Mbabane —is tremendous and far-reaching.

It has involved the creation of two new townships, which will become the third and fourth biggest centres of population in Swaziland.

First of all there was the resettlement of local subsistence farmers to make way for the new cane-growing areas and factory. Next was the construction of houses for the workforce and management, backed up by all the needs of the human population ranging from basic requirement such as adequate water, energy and transport to social and sports facilities, shops, security and a host of other services including a landing strip.

The agriculture development comprises the biggest acreage of cane sugar in Swaziland, with the mill drawing the bulk of its raw material (the cane) from its own resources, unlike the other mills which rely mainly on local farmers.

The mill not only produces sugar, but also molasses—a by product in the distillation process—and bagasse, the fibre content of the cane which provides the fuel to run the plant. Eventually there will be a small surplus of electricity to spare that can be incorporated into the Government system.

### Fact of life

One of the biggest tasks, however, has been the recruitment of labour that has been carefully phased with the development of the plant and the townships. One of the prime objectives of the whole project is the training of the Swazi, the indigenous population, with the skills and expertise of the expatriates currently providing the management. Under the so-called localisation programme, Swazi will be trained to take over more and more important jobs. This cannot be achieved overnight, but is a long-term objective.

The expatriates, who have provided the expertise and dedication needed so far, are aware of the situation, but accept it as a fact of life. There is little, if any, racial tension in Swaziland partly because it is a landlocked country dependent on two very different neighbours —Mozambique and South Africa —for its existence.

Historically, South Africa has provided the financial and technical backing that helps Swaziland industry run, while the port of Maputo (formerly Lorenço Marques) in Mozambique is Swaziland's main outlet for its exports. So the country has to tread a careful political path. The fact that it has managed to attract financial backing for the Simunye project from so many different sources suggests that the right mixture has been achieved.

But leaving aside political considerations, the success of the Simunye project is of great importance. It has demonstrated to the outside world, and foreign investors in particular, that not all development projects of this kind need to be late and over budget. The spreading of the risks involved among many different financial backers may also set a precedent and help encourage generally the expansion of resources in developing countries that must be undertaken in the years ahead. Swaziland itself will benefit from increased export revenue, a bigger role in the world sugar market, and an enlargement of its domestic industry, as well as enhancing its reputation with the outside world and financial investors in particular.

Tate and Lyle and the workforce have the satisfaction of demonstrating that it is possible to create something out of nothing on a viable economic basis. The many years of planning and hard work involved have resulted in a living complex emerging in an area that was previously virtually deserted and neglected. Just comparing Simunye with the neighbouring countryside gives an idea of the achievement.





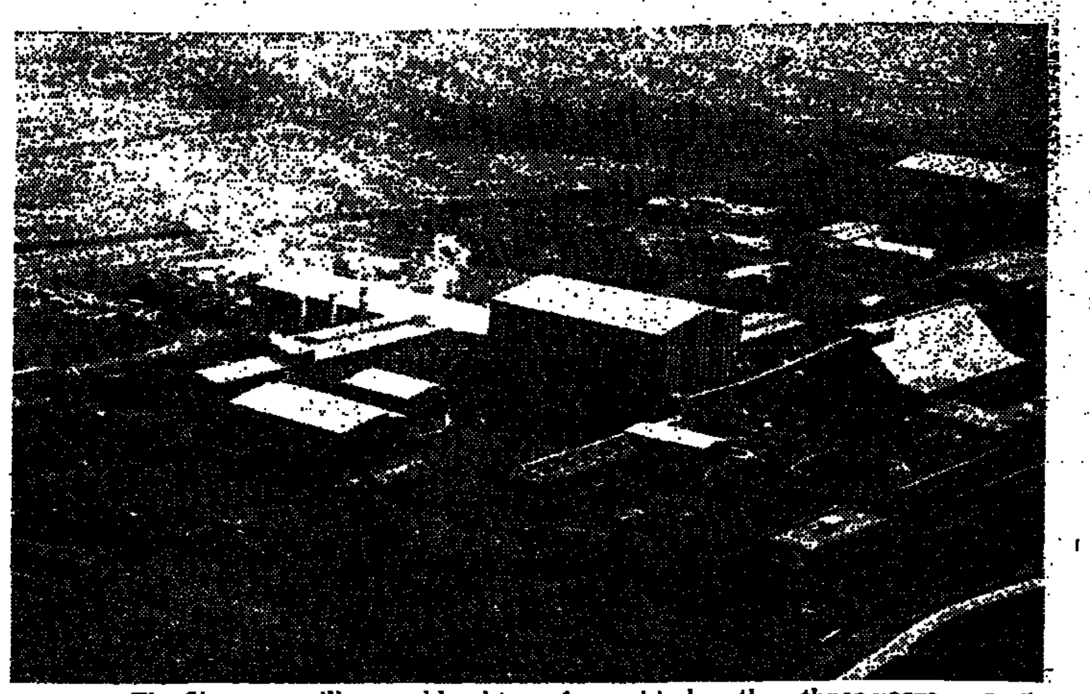
# SWAZILAND SUGAR PROJECT II

## Risks more attractive than they appear on paper

EYEBROWS WERE raised some time ago at the news that Coca Cola of the U.S., Mitsui of Japan and Britain's Tate and Lyle were to put money into the Simunye sugar project—tiny Swaziland's most ambitious project to date. Swaziland, after all, lies between South Africa and Mozambique and nationalist guerrillas fighting the Pretoria Government are making increasing use of the landlocked Kingdom as a funnel from base camps in Mozambique to targets in South Africa.

Swaziland, the pessimists argue, must inevitably become involved in the black struggle against apartheid and must, therefore, lay itself wide open to economic and possibly military retaliation from South Africa. But the political risks of investing in Swaziland, no doubt carefully assessed by the Western multinationals, are not as frightening in reality as they are on paper.

And the economic risks are relatively attractive. While Swaziland's balance of payments on current account moved into deficit in 1978, for the first time in five years when low sugar prices led to a trade deficit of E21.3m, the Kingdom has managed to avoid the apparently chronic fiscal problems that plague most of black Africa. The overall 1978 balance of payments remained in surplus—E13.4m compared to E20m in 1977.



*The Simunye mill—scrubland transformed in less than three years*

### Membership

This is in good measure due to its membership of the Rand Monetary Area and, along with its former fellow protectorates, Lesotho and Botswana, of the South African customs union.

But that should not detract from Swaziland's indigenous successes. While sugar is its biggest export earner, accounting for 32.5 per cent of exports on 1977-78, the productive base is fairly widely spread, decentralised and generally labour-intensive throughout.

Because most of Swaziland's 500,000 population still relies mainly on subsistence farming, agriculture accounts for about 30 per cent of gross domestic product, estimated to have grown from E146.5m to E272m between 1973 and 1977, but contributes more than 70 per cent to export earnings.

Forests cover nearly 120,000 hectares, making sales of processed food products, especially pulp, Swaziland's second biggest land-based earner.

Swaziland's Third Development Plan, published earlier this year, and planned to cover to the end of 1983, forecasts agricultural sector growth of about 6.5 per cent and a stabilised share of GDP at about 30 per cent. These figures are based, however, on the wildly pessimistic assumption that sugar prices will remain at the same level as 1977.

Sugar prices have doubled since then

Mining was, and may once again become, a reliable backup to agricultural earnings. But by the time production at the Ngwenya iron ore mine stopped in 1977, minerals output had fallen to about 15 per cent of total export value, from 40 per cent 10 years earlier. Now there are hopes that Swaziland will be able to get at its coal reserves, estimated at 1bn tons and proven at 200m tons.

With rising oil prices making coal attractive once again, the Swazis are planning to supplement their present single coal mine, producing 150,000 tons a year, with another, planned to produce 2m tons annually and scheduled to come on line next year.

Equally important, however, Swaziland's mining boom has left behind an important legacy—219 kilometres of railway, linking the old Ngwenya mine to Maputo, and vital to the industrial base the country is carefully establishing.

Probably because Swaziland is so small—about half the size of The Netherlands—and because the Swazi road network is well developed (65 per cent of the country is within five miles of a usable road, compared to Ethiopia, where more than half the country is at least 27 miles from a road), Swazi planners have found industrial development and decentralisation easy to reconcile.

The manufacturing and processing sector accounts for about 22 per cent of GDP and is set to remain so under the Three Year Plan. That should mean growth within the sector of about 7 per cent. Sugar refining and wood pulp processing are far and away the most profitable industries but the Plan envisages diversification and there are already a number of industries operating, including canning, cotton spinning, fertilisers and small-scale businesses.

The National Industrial Development Corporation of Swaziland, a statutory body established to assist investment in the industrial sector had, in September 1978, invested in loans of about E7.5m, nearly half of which had been used on new factory construction.

To meet its targets under the new Plan, it is, finally, construction which is allocated the biggest boost over the next three years. Public sector investment is set to take a leading role in generating income and employment under the Plan, which has set itself a GDP target of E382m by 1983, an average increase of 7 per cent a year.

The plan envisages expansion of public investment mainly in "transport and institutional" buildings, raising construction's share of the GDP from 4.9 per cent at the end of 1977 to close on 7 per cent at the end of 1983. This would mean a rise of about 15 per cent in sectoral growth, and, because local construction capacity is small, fairly intensive foreign participation.

One project being discussed is a new E40m international airport at Nbabane, the capital, to replace the facility at Matsapd now being served from Jan Smuts Airport in Johannesburg. Talks have taken place in Japan, but with Swaziland's inflation now running at between 15 and 18 per cent, observers believe the project might be sacrificed for higher priorities—including an ambitious E50-65m hydro-electrical project on the Usutu River.

The Simunye sugar scheme gets underway at a buoyant time for conservative Swaziland. At June 30, foreign currency reserves stood at E98m, nearly E300,000 above the same time last year, and while the June figure represents a fall from over E100m a few months ago, the overall picture should further improve when sugar receipts start coming in. This year, Swaziland's sugar earnings are expected to be more than double 1979's.

### Mirrored

But the economic optimism must be juxtapositioned, if not tempered, by the region's political future. On the face of it, it would seem Swaziland's planners face at least three short-term political hurdles.

- Increasing guerrilla activity, making use of Swazi territory, against the South Africa Government.
- Internal political opposition to Swaziland's monarchical Government.
- The choice of a successor to 81-year-old King Sobhuza II.

In spite of the fact that exiled guerrillas, based in Mozambique, have used Swaziland as as springboard for attacks in South Africa, the Pretoria authorities have chosen to shake their fists at Samora Machel, Mozambique's radical President, and, in public anyway, have said hardly an angry word to Mbabane in the past year.

Pretoria clearly values the aura of stability about Swaziland and the healthy trade surplus it maintains with the Kingdom—greater in fact, than Swaziland's entire agricultural income. South Africa also provides about 90 per cent of Swaziland's imports and the bulk of foreign investment, estimated at 70 per cent of total investment. More significant though, the South Africans have always found themselves in empathy with the traditionalist style of government in Swaziland—which is mirrored to varying degrees in the South African "homeland" system—and would in no way view Swazi accommodation with South African guerrillas in the same light as it does "revolutionary," however toothless, Mozambique.

Mozambique, for its part, is becoming increasingly comfortable about Swaziland. Following talks in Mbabane early this year between King Sobhuza and President Machel, there has been a clampdown on anti-Maputo exiles who had been waging a low-level sabotage campaign from within Swaziland.

President Machel also managed to get agreement on continued Swazi use of the port of Maputo, where there had been concern over a Swazi decision to link up with the South African rail system and ship all its containerised exports out of the new port at Richards Bay in northern Natal province.

Another upshot of President Machel's visit to Mbabane has been a noticeable easing of fears within the Swazi hierarchy about political opposition to the monarchy. The King implemented a new constitution in 1978, after ruling by decree for the preceding five years. During that time some opposition, largely in the form of furtive pamphleteering, did arise. It was, probably, taken more seriously than necessary and some leading opponents were jailed without trial before elections to a National Assembly were held. Most of the detainees, it is understood, were released two months ago.

**Peter Bruce**

## Careful pre-planning turns scrub into cane fields ahead of schedule

AT THE beginning of 1978, the Simunye area was neglected shrubland unnamed and undeveloped, with wild animals free to roam as they wished. The human population consisted of a few hundred subsistence farmers, largely cut off from the rest of the world.

Two and a half years later there is a flourishing community and a hive of activity as the official opening date approaches with the project ahead of schedule. The scrubland has been turned into acres of productive sugar cane fields, as well as beautiful lawns and gardens surrounding the houses.

It looks like a corner of rural England with one or two differences. The climate is hotter and more predictable. The roads are still pretty rough, especially the long gravel road that links Simunye with the rest of the world, passing through the neighbouring game park that contains rhinos (rarely seen), ostriches and a host of different buck.

Two townships have been created—Lusoti (the Eagle) and Ngomane (Place of Traditional Dancing) to house the 3,000-strong workforce and their families. Apart from free housing, electricity and coal, the population is provided with a variety of amenities ranging from cricket and soccer pitches to medical aid, a police force and two primary schools.

Country clubs and social centres have already been formed, and plans are going ahead for a big shopping complex.

It is an amazing transformation in such a short time by the Royal Swaziland Sugar Corporation, via Tate and Lyle Engineering, which was responsible for the construction, and Tate and Lyle Technical Services, which has been appointed to the completed project.

Careful pre-planning has been one of the secrets. For example when the land was bulldozed, existing trees were maintained in specified areas around the houses and factories to help dispel the harshness of a new housing estate.

A formidable problem, too, was the recruitment of labour phased in with the different stages of development and the availability of housing.

A massive corporate plan, drawn up in March this year for 1980-81 ensures that this kind of careful planning will continue. It is a considerable undertaking surrounded by all kinds of complications in meeting the demands of many different masters ranging from the overseas investors, of varying backgrounds and opinions, to the aspirations of the Swazi people and Government.

### Small part

Commercially, the objective of raising the level of sugar production of the required standard to 120,000 tonnes a year in such a short time will be quite an achievement in itself.

The construction and successful operation of the mill is, of course, the prime objective, but this represents only a relatively small proportion of the whole project. Equally important have been the irrigation and agricultural developments to ensure there are adequate supplies of cane to feed the mill: less than 10 per cent is being bought in from a nearby farmer and by 1981 the estate plans to have cane plantings totalling 8,500 hectares.

Most of the rain in Swaziland falls in highlands around the capital, Mbabane, but this runs down into the low veld where Simunye is situated, so there are likely to be adequate water supplies unless the country is hit by drought for a long period. The water is channelled from the Mnjoli dam by pumps, canals, and sprinklers. The soil is not particularly good, but the climate, combined with adequate supplies of water, ensures high yields of sucrose from the cane, which is harvested from May to November.

It was hoped that sufficient cane cutters could be found to harvest the cane, since this is the most economical and efficient method. But a shortage of labour for this back-breaking work has meant that chopper harvesters now account for some 60 per cent of the harvesting.

The development of can fields in the Ngomane region has ben delayed by problems surrounding the resettlement of the 550 families previously in the areas as subsistence farmers. The Swazi Government and King Sobhuza were particularly anxious that mistakes made in early resettlement programmes should not be made again. It was insisted that the families should benefit, not suffer, from the move and that attention should be paid to such matters as the re-siting of graves.

Although the cane growing has been established on a plantation basis as the most efficient means of starting, htere are plans in future for the development of small farms to join the project. This is part of the overall objective to bring the Swazi, the indigenous population, into the project which at the moment is being mainly managed and organised by expatriates.

### 'Localisation'

One of the main objectives is the "localisation" programme under which Swazi are trained to take over gradually more and more senior positions. A special training centre has been built for apprentices and the company is sponsoring A-level students with the intention of providing scholarships to universities.

Although there are varying views on how long the localisation programme will take to bear fruit, there is little doubt that eventually the Swazi will play a dominant role in managing the project.

Production of sugar at the factory is operating very efficiently, although there are few technical innovations, with the exception of the cane off-loading system. It is remarkably clean and airy for a sugar mill and has evidently been built with expansion in mind—another example of the careful forethought that has given the Simunye project such a promising start.

**John Edwards**

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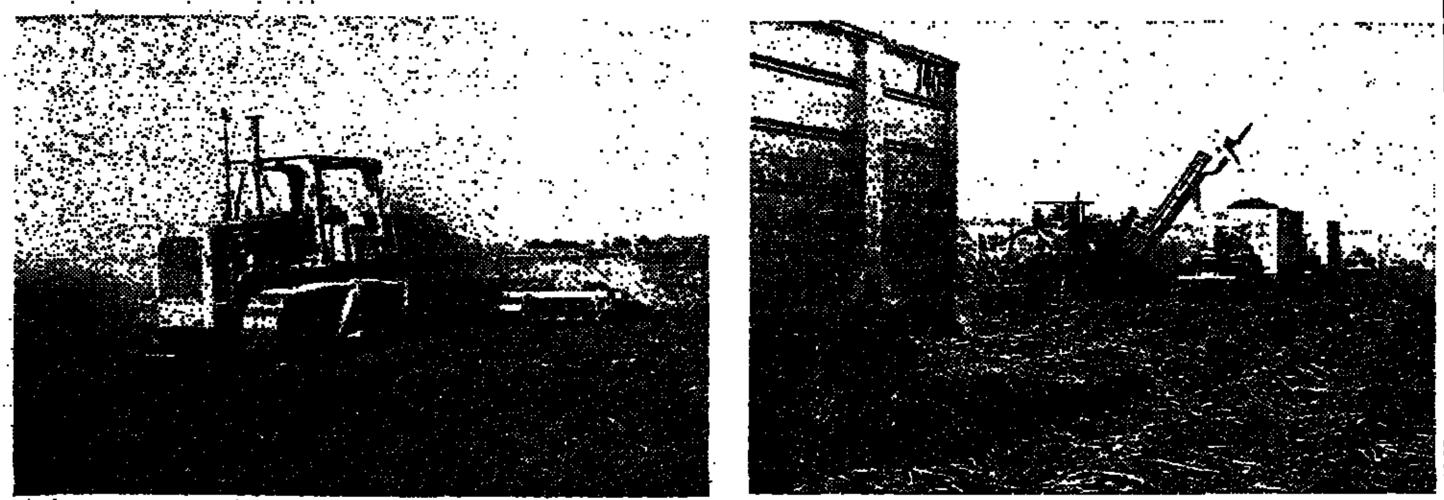
## SWAZILAND SUGAR PROJECT III



*Preparing the land for planting and (right) gathering the harvest*

# Financial package a model for other ventures

FUNDING OF projects in developing countries is not easy. Although there are many international institutions available to approach, this usually requires going through a mountain of bureaucracy and red tape, as well as meeting a whole range of political and economic criteria.

Institutions and companies in the industrialised countries have become very wary of investments in the developing world, bearing in mind the political risks and the danger of becoming involved in a bottomless pit of expenditure once they are trapped into a project.

For the Simunye project there was an additional difficulty—the depressed state of the world sugar market at the time and the unsettled political situation in Southern Africa. There was also the problem of Swaziland's strong links with South Africa, even though Swaziland has managed very successfully so far to walk the political tightrope of managing to maintain relationships with both South Africa and black African countries.

It took, therefore, some hard work by the Swaziland Government and Tate & Lyle to raise the funds required by putting together a financial package which is a feature of the project that might provide a "model" for other ventures of this kind.

By spreading the net far and wide, a virtue has been made of neccesity in that any risks have been diluted for the investors, who have contributed relatively modest sums but have been able to have a considerable say in the development of the project. It was the overseas investors, for example, who were able to persuade the Swaziland Government that the project should be given a 10-year holiday from paying the sugar export levy as well as the normal tax-free concession.

There are nine separate subscribers of the equity capital E40.1m in the Royal Swaziland Sugar Corporation, responsible for the whole project. The biggest stakes of E13m each amounting to 65 per cent of the total holdings, are held by the Swaziland Government and Swazi Nation (Tibiyo Taka Ngwana Fund).

Swazi Nation is a fund, initially financed by the country's mineral royalties, which provides an income for the King and was used to repurchase land in accordance with the traditional Swazi belief that all land should be held by the King in trust for the people. Subsequently, Swazi Nation (through its Tibiyo Taka Ngwana Fund) has invested in many other sectors of the Swazi economy, including large holdings in the sugar industry. Although it is separate from the Government, Swazi Nation acts on behalf of the people and the King, who appoints the Prime Minister of the Government.

The other holders of equity in Royal Swaziland Sugar Corporation are the Nigerian Government (E4m), Tate and Lyle (E3.5m), German Development Company (E2m), Coca Cola Export Corp. (E1.7m), Mitsui and Co. (E1.5m), Commonwealth Development Corporation (E1 m), and International Finance Corporation (E0.4m)—a commercial arm of the World Bank Thus there is a wide spread of interests among the 14-member board that meets every three months

It is believed to be the first time that Coca Cola has participated in this kind of investment, which it apparently views as a pilot scheme to find out more about its raw material supply sources. It has of course strong links with the international sugar trade.

### Big holding

The Nigerian Government is understood to be interested in using some of its oil revenue in assisting other black African countries in development projects of this kind.

Mitsui, as an international trading group in sugar and a host of other materials and manufactures, is keen to increase its presence in Africa and help developing countries in particular. It has already backed projects in Thailand, Malaysia and Taiwan. However, as a trading company, and not a financing institution, it commissioned a detailed feasibility study before deciding that the project was worthwhile and would provide a reasonable return.

The Commonwealth Development Corporation is already heavily involved in Swaziland, and indeed has a big holding in one of the other three sugar mills as well as in cane growing.

In addition to the equity in Royal Swazi Sugar Corporation, a further E94.5m was raised in loan capital. Once again the bulk of this came from the Swaziland Government with E29m, of which E5m came from the African Development Bank, and Swazi Nation, which provided a further E13m.

Among the equity holders, further loan capital was provided by the Commonwealth Development Corporation (E3m), German Development Company (E2.1m) and the International Finance Corporation (E7m).

Additional loan capital was provided by the European Investment Bank, which under the Lome Convention provides financial assistance from the Community for projects of this kind.

Further support came from buyers' credits negotiated with the International Development Corporation, Credit Guarantee Insurance Corporation of South Africa and from Barclays Bank Export Credit Guarantee Department in the UK. Barclays Bank played a major role in organising funds required to purchase plant and machinery.

Of the E122m expenditure, the largest amounts of 24 per cent each went to the building of the factory, infrasructure and housing, followed by irrigaion and drainage 19 per cent, and land development and agricultural equipment, 10 per cent each.

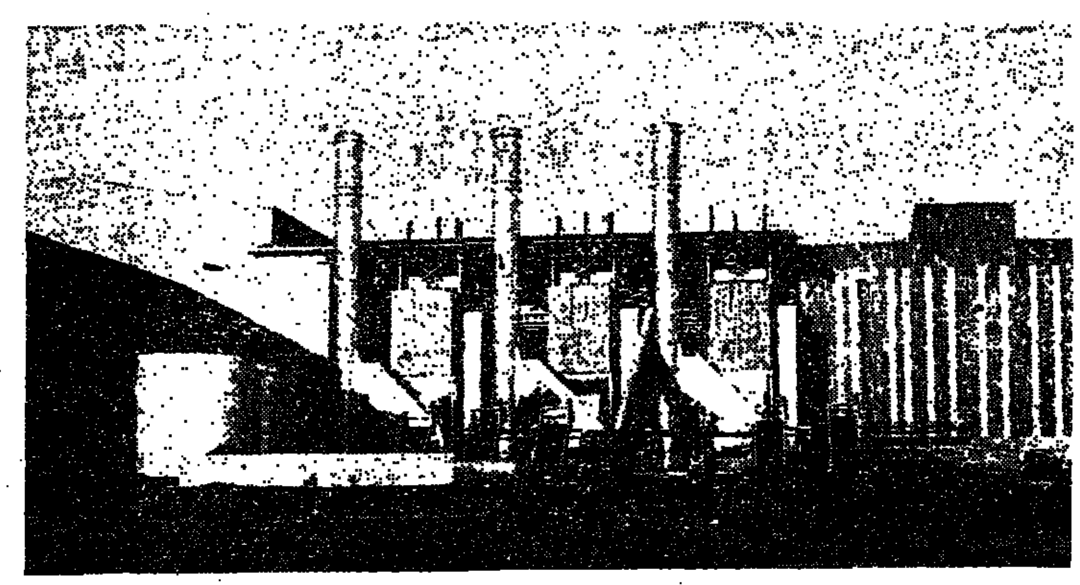
Allied to the Simunye project as an indispensable part was the creation of the Lake Mnojli dam that provides the necessary water for the townships, factory and irrigating the crops. It cost E22.5m, with the bulk of the funds coming from the Kreditanstalt Fur Wiederaufbau (KFW) and the European Development Fund. The loans for the dam are to be repaid and serviced by commercial water charges to the users (i.e., the Simunye project).

### Fortunate

Altogether, nearly three years were spent while all the diverse investors discussed and planned the technical, commercial and, no doubt, political aspects of the projects. As it happened this delay was extremely fortunate since it has resulted in the mill starting production just at a time when world sugar prices have soared and export quotas under the International Sugar Agreement have been temporarily lifted. So the starting-up losses of this ambitious project have been kept remarkably low—to about E8.4m this year. The mill is forecast to break even in 1981.

With the overall budget of E120m having been exceeded, even more remarkably, by only 1 per cent, the investors should be more than satisfied. Barring a disaster, there should be a good return before the end of the initial 10-year period that will aid the financial credibility of both Swaziland and other developing countries.

**J.E.**



*The Simunye mill's boiler house*

# 'The mouth that tells no lies'

THE VICTORIAN novelist Sir H. Rider Haggard, author of She and King Solomon's Mines among a host of novels about Africa, knew Swaziland well. He is believed to have written several of his nevels at the Swazi Inn overlooking the mountain peaks known as Sheba's Breasts.

He chronicled in his novels the battles between tribal kings among themselves and with the Boers and the British that led to the emergence of Swaziland, which has the world's longest reigning monarch, King Sobhuza II. The present Ngwenyama (The Lion), the official title of the Monarch, was born in 1899 and came to the throne in 1921. His Dlamini "family," are estimated to account for around 20 per cent of the country's population of 600,000.

### Migration

The Swazi are descendants of the Southern Bantu, but broke away from the Nguni sub-group, which includes the Zulu and Xhosa, when they migrated southwards. Because of the fame of King Mswati II, who came to the throne in 1840, the Dlamini and subject tribes became known as "The People of Mswati" and the Zulu form of this, Mswazi, is used to describe them today.

The King is regarded as representing the traditions and mouthpiece of the people. He is described as "the mouth that tells no lies." As representative of the people, holding the land and mineral rights in trust, the King is Head of State. He appoints the Prime Minister and all other Ministers and has to be consulted and informed by the Cabinet on all Government matters. Swaziland became independent in 1968, and in 1973 the King suspended the Westminster type constitution. In 1978 he introduced a new Parliament consisting of a Senate and a House of Assembly. The Parliament is paralleled by the Swazi National Council, which consists of the King, the Queen Mother and all adult Swazi.

The Queen Mother has an important role in that she is a key figure in appointing a successor when the King dies and indeed may act as regent until the selected son or grandson of the "family" comes of age. Since King Sobhuza has been on the throne for so long, there is considerable uncertainty about how the traditional mehod of deciding the succession will work in modern times.

This is a major source of concern since the King is now 81 years old and has suffered from ill health in recent years.

Meanwhile his dominant role, lengthy rule and popularity has enabled Swaziland to maintain olitical stability, despite its uneasy balance between black and white Africa. The big majority of the people are black, sharing a common language, culture and loyalty with the King and are not divided by the kind of tribalism seen in many troubled African countries.

### Dependent

Its main outlet for exports is via Maputo (formerly Lourenco Marques) in Mozambique. On the other hand Swaziland, which was ruled by the British between 1902 and 1968, is highly dependent on South Africa for industry and finance. They have interchangeable currencies (Rand and Emelangeni) and the bulk of Swazi imports come from South Africa. Many Swazi, for example, are migrant labourers in the South African gold mines.

But the respect in which the King is held has enabled the country to adopt a neutral position externally, although domestically there is a strong "localisation" programme aimed at preparing the Swazi themselves to occupy more senior positions and jobs. Traditionally the Swazi system of land tenure places ownership with the King in trust for the people.

However, extensive concessions were granted to non-Swazi traders, farmers and prospectors in the last two decades of the 19th century by the paramount chiefs. In a bid to settle disputes, the British in the 1907 Concessions Proclamation divided the country, which is roughly the size of Wales, into crown land and freehold title and gave 38 per cent of the total to the Swazi Nation. Over the years the Swazi Nation has increased its share to nearly 60 per ecnt.

Although sugar is by far the main export earner, there are many other crops grown including citrus, pineapples, maize, cotton, tobacco and rice. The climate is good and there are normally adequate supplies of water, although many areas have to be irrigated to ensure it is in the right place at the right time. Dryland crops often suffer from drought.

A special feature of the country is that it is well suited to the cultivation of forests in some areas and claims to have some of the largest man-made pine forests in world, with an estimated 55m trees. Both timber and forest products, including pulp, are exported. Mineral resources include asbestos, iron ore, coal and some gold.

**J.E.**

# Sugar plays crucial role in economy

SUGAR IS absolutely crucial to the Swaziland economy. It provided 37 per cent of the country's total export revenue in 1979-80 when earnings from overseas sales of sugar jumped to E65m. This season, exports are expected to rise to over E100m (about £60m) and by 1982 sugar is likely to account for over 50 per cent of total export earnings as a result of increased production from the Simunye mill.

In addition, an export levy introduced by the Government some six years ago contributes significant extra revenue. So far, the export levy, originally intended to finance a defence force, has altogether added E69m to Government funds and a further handsome payment of E13.5m is expected this season.

It would have been E16m, but for the first 10 years of its existence the Simunye project enjoys a "holiday" both from tax and the levy, so it will receive E2.5m levy back from the Government. The overseas investors insisted that the payment of the export levy would make the project uneconomic in its early stages bearing in mind the interest and capital repayments.

## Reasonable return

The levy is designed to pass on the benefit of a rise in the world market to the Government. A base price is negotiated between the industry and the Ministry, at which it is calculated the industry can make a reasonable return and cover production costs. Any receipts from exports above that base price are split 50-50 between the industry and Government. This means that if export earnings are cut by a depressed world market then the levy payable declines, but if prices rise the Government benefits too.

Although the industry views the levy as a form of double taxation, the important factor is that the Government does recognise the rise in production costs by suitably adjusting the base rate. Otherwise it would put too heavy a burden on what is a flourishing industry and by far the biggest employer in the country, providing some 13,000 jobs.

It is estimated that altogether some 80,000 people, equivalent to 14 per cent of the Swazi population, are wholly or partly dependent on the sugar industry, making it a vital part of the economy.

Simunye is creating 3,000 new jobs, establishing an important agricultural and industrial base in a previously neglected rural area close to the Mozambique border.

Swaziland is generally acknowledged to be one of the most efficient, low cost, sugar producers in the world. Aided by good climatic conditions, with plenty of sun and water, high yields of sucrose are obtained from the cane. Past battles between the cane growers and the mills have largely been resolved and they work closely together.

All sales of sugar and molases, both domestic and export, are handled by the Swaziland Sugar Association, a parastatel organisation created by legislation but not run or financed by Government. Sugar produced at the mills immediately becomes the property of the association, which is run by a council comprised of an equal number of millers and growers' representatives with an independent chairman. This gives the growers—some 35 farmers and 270 smallholders—a direct influence on marketing, an unusual situation compared with other countries.

Earnings from sales made by the association are averaged to produce a common "pool" price that is paid to the individual mills each week, during the harvesting season from April to November in line with their production.

The mill pays the grower for cane supplies on a weekly basis, splitting the price received from the Association under an agreed formula. At present the cane grower receives 72.8 per cent of the Association price and the mill the remaining 28.2 per cent.

This formula is reviewed regularly, usually once a year, by an independent committee that assesses the cost of production, and capital employed, by the cane grower and the mill. In recent years the growers' percentage has risen steadily to reflect costs increasing at a faster rate than the mills. In the case of Simunye the bulk of its sugar is grown by the same company operating the mill, but the other two mills rely largely on cane from independent farmers.

One of the objections to the introduction of the Simunye mill came in fact from the existing producers, who feared that the "pool" price would be diluted by the proportion of Lome Convention sugar, sold at the guaranteed level to the EEC, being reduced in relation to the lower world market sales. In fact, this has not happened, with the world market moving above the price paid by the EEC.

In any event the Swaziland Government was in no mood to be thwarted in its plans to create new employment opportunities by developing a new rural area.

The Swazi have gradually acquired a larger, controlling share of the industry. The Swazi Nation's Tibiyo Taka Ngwane fund has a 40 per cent stake in the Ubombo ranches, the milling company in South Swaziland that grows about 45 per cent of its own cane. The Tibiyo fund is also the largest outside cane grower supplying the Ubomba mill, which is 60 per cent owned by the Lonrho group.

In the north, the Tibiyo Fund owns 50 per cent of the other existing mill — Mhlume — with the remainder still being owned by the Commonwealth Development Corporation.

Because of the large commitment involved, the Tibiyo fund received official Government backing in obtaining the 65 per cent share they jointly own in the Royal Swaziland Sugar Corporation, created to start the Simunye mill. The Tibiyo fund is not a direct arm of Government, but it acts as a sort of development corporation.

Swazi Nation formed the fund, originally using mineral royalties accruing to it from ownership of land. It provides an income for the King and the main objective was originally to repurchase land sold in earlier times contrary to the Swazi tradition that all land is held in trust by the King for the Swazi people. Surplus monies in the fund are now invested in many development projects, including Swazi Airlines and the casino, and used to back ventures in the sugar industry, like Simunye.

The views of Swazi Nation can be said to represent the wishes of the people. Evidently these views are Swaziland should use its advantages as an efficent producer to expand the industry to create more employment opportunities and bring in greater revenue. Hence Simunye, and possible plans to extend further in the future, perhaps first of all starting ethanol production from molasses.

Sugar was first manufactured in Swaziland in 1958 and the first two modern mills at Hhlume and Ubombo came into production in 1960 with quotas of 36,000 tonnes. Initially they had a guaranteed share of the South African market and operated via the South African Sugar Association. But in 1964 the Swaziland Sugar Association was formed to take over the marketing prior to Swaziland joining the Commonwealth Sugar Agreement with Britain.

It was given a Commonwealth quota at a fixed price of 86,364 tonnes, which became the basis of the industry. However by 1966 production had risen to over 147,000 tonnes, so the rest of its exports were dependent on the vagaries of the world sugar market through its periods of booms and busts.

## Almost doubled

When Britain joined the EEC, the Commonwealth Sugar Agreement was scrapped and replaced by the Lome Convention Sugar Protocol between African, Caribbean and Pacific (ACP) countries and the Community. Swaziland was granted an annual quota of 120,000 tonnes for export to the EEC, basically to Britain which has the bulk of the Community's sugar cane refining capacity.

Since 1976, the two existing mills have stepped up production by some 60,000 tonnes to 280,000 tonnes and the introduction of Simunye will add a further 120,000 tonnes. In other words the country's output will have nearly doubled in the space of six years. This expansion will make Swaziland far more vulnerable to changes on the highly volatile world sugar market.


*The sugar mill's administration block*

The industry is very dependent on exports, since domestic consumption takes 23,000 tonnes a year at the most. Even assuming exports to the EEC under the Lome Sugar Protocol remain constant at 120,000 tonnes, exports to the world market will have to rise from 70,000 tonnes in 1976 to 260,000 tonnes in 1982.

This means that substantial new outlets will have to be found and an enlarged quota obtained from the International Sugar Agreement, which seeks to regulate the world market by a system of export quotas and buffer stock support, buying when required.

Swaziland has been extremely fortunate that the introduction of Simunye has coincided with the boom in the world market that led to the scrapping of the agreements quotas this year and possibly next.

It has been able to boost exports this year. This means that under the automatic adjustment formula in the agreement, its quota will be raised in accordance with its improved sales performance. Additionally, its pre-registration of the expansion in output scheme has ensured that it receives a priority from the agreement's hardship committee that allocates extra quotas.

But there is general recognition that the world market could, and probably will, collapse from its present high levels just as it did after the 1973-74 boom.

As part of the Simunye package, Tate & Lyle, has agreed to purchase, for resale onwards, the equivalent of half the mill's annual production over the next five years, with an option to increase this to the whole production. It has agreed to pay for the first half of the production, a price midway between the EEC price and the world price. The remaining half would be bought at the world price if the option is taken up.

This offer by Tate & Lyle was designed to underwrite Swaziland's return on sugar in period of low world prices when the mill was entering into production. As it happens, world market prices have moved substantially above the EEC level of roughly £220 a tonne. But this could, oof course, move the other way during the next five years.

In addition, the surge in Swaziland production, particularly the sudden influx from the Simunye mill, means that the element of security provided by the guaranteed ACP exports to the EEC will be reduced from 63 per cent in 1976 to only 31.5 per cent in 1982. It will be seen why Swaziland is highly concerned about fluctuations on the world sugar market, despite the fact that it is a very competitive, low cost, producer.

There is even more concern, however, about the failure of the EEC to go ahead with its proposals for cutting back surplus beet production. The EEC quota is still the bedrock of the industry and it is feared that unless something is done to restrain the European beet growers, cane sugar imports into the Community will be gradually forced out, possibly by UK refinery closures.

## Other problems

It is fervently hoped that the European Community will be persuaded to join the International Sugar Agreement.

This would avoid the scandalous situation during the past few years when the EEC was dumping heavily subsidised exports of surplus sugar on the world market in competition with developing countries who had voluntarily cut back exports to try to restore stability despite being far more dependent on sugar for their earnings.

But it is feared that, ironically, the present boom in the world market, coupled with a setback in EEC output this year, might persuade the Community that production cutbacks were not needed in its next five-year sugar programme, currently being looked at after being extended for a year.

Maenwhile, there are other problems to face. One is the general system of preference used by the United States to regulate imports from developing countries include Swaziland. If the limit set on imports is exceeded, the United States removes the duty-free concession granted to the country concerned. This may on occasions discourage certain countries, with sugar to spare, from selling to the American market even though the U.S. market is the main shortage area at the time.

Swaziland sugar exporting potential to Japan, another leading free market outlet, is restricted by the fact that it produces too high quality sugar. The Japanese restrict the import of high quality sugar as a protective device for their domestic industry.

So Swaziland is having to decide whether to produce lower quality sugar for the Japanese market.

This is just one of the many trials and tribulations of competing in the highly competitive world market that Swaziland would have to be even more aware of in the years ahed as production increases. Satisfactory long-term fixed supply contracts are hard to come by and in any event a proportion of the output always has to be kept back unsold just in case some disaster strikes the industry.

**J.E.**



# Extra production coincides with buoyant world market prices

THE WORLD sugar market omens could hardly be better for the launching of a new production facility than they are at the moment. Prices are high—recently at their highest for 5½ years—and most experts expect them to rise further over the next year or so.

As with other commodities, long term movements on the sugar market tend to be cyclical, but with sugar the cycle is relatively long—seven or eight years. The last peak was five years ago when the London daily raws price reached an unprecedented £650 a tonne having risen from around £100 in little more than a year. Since then they have been below £100 again, but are now firmly on the upward sweep.

The pattern is a familiar one. Low prices discourage production and supplies fall. This boosts prices to a level which encourages increased production. Inevitably a surplus develops and prices fall again.

## Caution

The current upward sweep of the cycle is being treated with far more caution by investors than was the last, but it has still been quite dramatic. At the beginning of this year prices fell to £165 a tonne, only to recover strongly as it became apparent that a new supply shortage was developing. Chinese and Russian buying buoyed up prices and when President Castro announced in February that Cuba's crop was likely to fall by around 1m tonnes this year they raced ahead. By the end of May the London daily price for raw sugar had reached a 5½-year peak of £362 a tonne.

By the time they reached this level some professional traders had been standing aside for a little while. They realised that the real shortage was not due for another year and that for the remainder of this year stocks would remain at a fairly comfortable level. Prices fell quite sharply in the summer as speculators deserted the market, but they have risen again in recent weeks.

The Cubans now expect their crop to be even lower—only about 6m tonnes against nearly 8m in 1979. Brazilian production has also fallen sharply, forcing the country to cut back on its programme for making fuel alcohol out of sugar cane. India, normally a substantial exporter, had to import sugar earlier this year because drought had cut its own harvest by £1.65m tonnes to 4.2m. Thailand also suffered from drought and had to suspend exports for two months.

These are not the only important sugar producing countries to be suffering: the South African crop is well down as is the Soviet Union's and the latter is expected to need to import as much as 2m tonnes this season.

Recently, Hurricane Allen mercifully spared the Cuban crop (though some sceptics suggested hurricane damage might have been secretly welcomed as an excuse for the country's dismal production performance this year) but Jamaica was not so lucky, losing a substantial part of its crop.

The list goes on and on and the end result is a much reduced world total.

Influential London sugar traders C. Czarnikow recently estimated world production in the 1979-80 crop season at 84.6m tonnes and consumption at 90m. Stocks are believed to have been cut to about 24m tonnes. Production is confidently predicted to fall short of consumption again next season and by the end of August, 1981, a stocks figure of 22m tonnes is forecast. This would not be much above the figure regarded as the minimum working level.

These figures naturally assume average growing conditions from here on. There could be some scope for improvement if ideal weather is enjoyed world wide, but there is far greater scope for output to be driven even lower by unkind weather, natural disasters or political developments in some of the less stable growing areas.

In the longer term of course production will recover, encouraged by the highly remunerative prices, and consumption will decline for the same reason. The underlying trend in the industrialised world is for sugar consumption to decline anyway but this is likely to be more than outweighed by increased consumption in newly developed countries.

This then is the background against which Swaziland is seeking to step up production, and it could not be a more hopeful one. More difficult times may lie ahead, but at least the Simunye project's sugar is likely to find a ready home on the world market, and at attractive prices, for its first few years of operation.

## Small fry

Swaziland is not one of the world's great sugar producers. Compared with Brazil, Australia and Cuba it is definitely small fry. In 1979 its production amounted to 257,954 tonnes, only slightly higher than in the previous year. About 20,000 tonnes of this was consumed at home and about half of the remainder went to the EEC under the Sugar Protocol of the Lome Convention, which guarantees African, Caribbean and Pacific (ACP) states access to the EEC market. Nearly all the rest went to the U.S.

So where will the extra sugar go? Swaziland may be able to secure a bigger share of the ACP countries' EEC quota in recognition of its increased production, but the quota itself is more likely to fall than to rise.

The EEC has its own structural sugar surplus and until world prices rose above the Community level it had to spend heavily on subsidies to enable the surplus to be exported. Understandably there is considerable resentment that 1.3m tonnes of unwanted sugar has to be imported from ACP countries, especially as this is a direct result of Britain's special relationship with its ex-colonies. The sugar all comes to Britain to be refined by Tate & Lyle and is nearly all consumed in the UK. But other EEC sugar producers would dearly like to be able to unload some of their own surplus sugar in Britain.

American farmers are no keener than their EEC counterparts to see more foreign sugar competing with their own, and since they carry considerable political weight, a significant rise in U.S. imports seems unlikely.

It seems likely, therefore, that Swaziland will have to look further afield for markets. In the short term this should present no problems, but when the market goes into its inevitable downward cycle, prospects may not be so rosy.

It is to be hoped that by the time this happens the International Sugar Agreement will be fully operative. The ISA aims to stabilise the world market by keeping stocks off the market in times of surplus and releasing them back in times of shortage. Until recently it was prevented from doing this effectively by the absence of the U.S., the world's biggest consumer from full membership.

Congress has now approved the full participation of America in the pact, however, and when prices fall below the trigger level again the ISA stock financing fund should be available to help producers stockpile their temporarily unwanted supplies.

One major producer remains outside the agreement, however, the EEC. But even here there are more hopeful signs. The Commission is seeking a mandate from the Council of Ministers to negotiate Common Market membership of the ISA and if this is achieved every major producer and most smaller ones will be within the fold.

For small countries like Swaziland, with a great dependence on sugar export earnings, this would be a very real blessing.

**Richard Mooney**

# Wet weather hits bumper harvest hope

By Our Commodities Staff

UNKIND AUGUST weather has severely dented hopes of a bumper UK grain crop, according to the Home-Grown Cereals Authority.

Following heavy storms, including hail, "growers who were quietly contemplating what they thought might be a record harvest are now becoming quite concerned as to the outcome," the Authority says in its latest weekly report.

"Fields have become so wet that difficulties could occur when the harvest tackle moves in," it adds.

The possibility of a heavy wheat crop is not ruled out but the crop in the fields is looking "sad and unhappy," the report says.

Winter barley harvesting is virtually completed and yields appear satisfactory. Not enough spring barley has been cut to form an opinion but there are fears that the wet weather could result in a lot of green and immature grain being harvested. Oats are reported to have suffered more than other crops with many fields being laid flat. Samples of oatsc that have been cut have been very "weathered"

Wet weather has delayed harvesting of winter grain in the Ukraine, the U.S. Agriculture Department reports from Washington. The delay is cutting down the time available for autumn sowing, the Department says.

# Plan to drop grain embargo denied

WASHINGTON—The U.S. embargo on grain sales to the Soviet Union is working, and there are no plans to drop it "without the proper Soviet response," Mr. Bob Bergland, U.S. Secretary of Agriculture, said.

Mr. Bergland made his comments in testimony prepared for delivery to the Senate banking committee.

The committee is considering legislation to rescind the sales embargo, imposed by President Carter in January following Soviet intervention in Afghanistan.

The Soviet Union has confirmed its intention to buy at least 6m tonnes of U.S. grain, 3m of wheat and 3m of maize in the year beginning October 1, Mr. Bergland added.

Reuter

# Brazil lifts coffee export ban

BY RICHARD MOONEY

BRAZIL HAS lifted its ban on coffee exports. The Brazilian Coffee Institute (IBC) announced on Tuesday night that it had re-opened export registrations, suspended nearly seven weeks ago in an attempt to stem a rapid decline in prices.

The ban, imposed on July 4, was in response to a £300 a tonne price fall in the preceding month to what the IBC described as "artificial and unjustified prices." But in spite of being backed by other leading Latin American producers, who also banned exports, as a price support measure the ban has been a spectacular failure. Since it was imposed coffee prices on the London futures market have fallen by another £200 a tonne.

Ironically, dealers were predicting yesterday that the re-opening of Brazilian exports could prove to be a slightly "bullish" market factor, in the short term at least.

The minimum export price has been kept at the level ruling when the ban took effect and the contribution quota (export tax) has been raised a little to compensate for Cruzeiro devaluations in the intervening period.

But most Brazilian coffee is sold direct to roasters under "special deals" with a discount linked to ruling free market prices. This means that roasters will be able to buy *Brazilian coffee at attractive* prices and a buying rush is likely as they take advantage of the high discounts while they last. Upward pressure on futures prices could result.

Dealers estimated that roasters registering yesterday would receive a discount of around $90 per 50 kilo bag with U.S. roasters receiving a little less. As many as 1m bags could be registered for export over the next few days, they said.

But the effect on prices may depend on the activities of the Bogota Group of Latin American producers, which has been trying to buoy up prices through the judicious use of a $450m price support fund.

The failure of the group, through its recently-formed trading company Pancafe, to stem the fall in prices has prompted a series of crisis meetings between members aimed at strengthening the fund. Mexico and Venezuela are rumoured to have pledged an extra $50m each but there has been no word yet from Brazil, easily the world's biggest producer.

Producer efforts to boost prices have not been helped by the exceptionally warm weather in Brazil, where frost is a regular annual threat to the crop. Until this year a substantial price fall during the Brazilian winter was almost unheard of.

With production still recovering from the great frost of 1975 Brazilian growers will have been happy to escape unscathed this year. But they would have been even happier had temperatures hovered dangerously near to freezing point for a while, so lending strength to the world market. As it was the traditional frost season passed with hardly a hint of sub-zero temperatures.

On the London futures market yesterday prices reacted uncertainly to the Brazilian news, which had been widely expected. The November quotation ended the day £4 down at £1,266 a tonne.

# Sugar output boom unlikely despite world price rise

BY OUR COMMODITIES STAFF

THE EXPECTED sharp rise in world sugar prices over the coming year will not stimulate production to the same extent as the 1974 rise did, influential sugar statistician F. O. Licht predicts in his latest world market report.

The 1974 boom pushed prices to over £600 a tonne but the resulting increase in production subsequently cut them back to under £100. The supply response will be "more hesitant" this time, Licht expects.

The largest production increase after 1974 was in the EEC, he notes but the Community is now a net exporter and can hardly repeat such a performance. The report also points out that the effect on production costs of higher energy prices is likely to inhibit any supply increase.

The production response is most likely in developing countries, the report adds, and these countries will be less able than developed countries to maintain high production as prices fell below output costs.

A further limiting factor is *the growth of ethanol* production from sugar cane. Brazil, one of the world's biggest exporters of sugar, has already travelled a long way along this trail and other cane producers aer showing interest. This factor may increase market flexibility by allowing producers to switch in and out of sugar/ethanol production in response to price movements, Licht suggests.

Sugar prices may show greater stability at a higher level than in the past, he concludes.

At yesterday's weekly tender in Brussels the EEC Commission granted export licences covering 15,000 tonnes of white sugar. Traders were surprised at the low level of authorisation, which compared with 74,050 tonnes last week. They thought it probably indicated that the Commission considered current world prices unrealistically low.

This view tended to be supported by the levy charged which was 6.79 European Currency Units per 100 kilos against 4.75 ECUs last week.

● Taiwan has decided to sus*pend the export of 50,000 tonnes* of sugar committed for the rest of the current crop year (ending in November) because of increased domestic demand, the state-run Taiwan Sugar Corporation said, reports Reuter from Taipeix.

Normal monthly domestic demand is 35,000 to 40,000 tonnes but it rose to 55,000 tonnes in June the corporation said. Local demand in July was only slightly les and no significant reduction is expected this month.

The sugar exports were scheduled to go to Japan and South Korea.

# Broker in New York deal

C. CZARNIKOW, leading London sugar brokers, will take over its New York trading partner, Christman Trading Corporation, on October 1 when it will acquire the remaining 51 per cent of Christman's equity.

The new subsidiary will be renamed C. Czarnikow Inc. Mr. J. S. Collecott will be appointed a director and a senior vice-president and Mr. V. A. Dowell an additional vice-president.

Mr. A. P. Schenk, chairman of Czarnikow will become chairman of Czarnikow Inc. and Mr. J. J. Garry, president of Czarnikow Inc., will join the London Board.

# Late rally in copper

By Our Commodities Staff

RISING HOPES that the U.S. copper workers' strike may end soon pushed copper prices down on the London Metal Exchange early in the day yesterday. But after a late rally, encouraged by the rise in the gold price, values ended only slightly lower.

The cash metal price, which had been £14 lower at one stage, ended £4.5 down at £861.5 a tonne.

The fall had been prompted by news that the strikers and Kennecott Corporation, one of the biggest companies hit, had agreed to begin serious negotiations on a new labour contract. The strike, which began more than seven weeks ago, has been the main factor supporting copper prices.

Better news on the labour front was also responsible for an early fall in lead, though as with copper prices rallied before the end of the day.

Bunker Hill, a big U.S. producer announced that it had agreed a labour contract with its workers thus averting the strike which had encouraged higher prices on the London market last week. After the late rally, however, cash lead finished only £4 down at £368.5 a tonne.

INDONESIA

# Tin industry coming out of the doldrums

BY RICHARD COWPER RECENTLY IN BANGKA

INDONESIA'S economic planners can often be justly accused of indulging in a certain amount of wishful thinking when it comes to making official predictions of production. Even more unreal, one might expect, are the targets for the final year of Repelita III—the country's third five-year economic plan which ends in 1984. In the case of tin however the Repelita target of 35,000 tonnes a year by March 1984 seems eminently attainable.

Indonesia's earnest belief that this year it will overtake both Bolivia and Thailand to become the world's second largest producer of tin after Malaysia now seems to have slipped from its grasp. An expected decline in Thailand's production to less than 30,000 tonnes predicted at the beginning of the year has not materialised, and it now looks as if Thailand will produce 35,000 tonnes in 1980.

Indonesia's own target this year is regarded by some experts as unduly optimistic. It seems likely that Indonesia will end up with around 33,000 tonnes, some 2,000 tonnes less than officials are hoping for. With political turmoil in the Bolivian tin mines, however, Indonesia's jump to third place seems assured. Bolivia is most unlikely to produce more than 30,000 tonnes this year.

## Too optimistic

Indonesia's belief that it will produce 35,000 tonnes this year—a figure which would bring it neck and neck with Thailand—is open to some dispute. Mr. Sirman Widiatmo, the energetic marketing and finance director of Tambang Timah, Indonesia's state tin corporation, remains confident that he can reach a target which is 2,000 tonnes more than he was predicting earlier in the year. With production having increased at around 6 per cent a year over the past five years, some experts, including officials within Tambang Timah itself, argue that the 17 per cent increase needed to reach 35,000 tonnes is not possible. They say that 33,000 tonnes would be a more realistic figure.

Mr. Sirman, however, points out that production last year was hit by a number of snags—including a big anti-smuggling operation and severe teething problems on Indonesia's first new offshore dredge for over a decade—all of which he says have now been ironed out. "This is why our 1980 target looks so high," says Mr. Sirman.

In spite of the setbacks, soaring tin prices contributed handsomely to Indonesia's hard mineral revenue in 1979, with export earnings climbing nearly 21 per cent from $311m (£131.75m) in 1978 to $376m last year.

## Decline in 1945

Tin has historically been Indonesia's primary mineral export and though now overshadowed by oil it remains an *important pillar of the country's* economy. With domestic consumption still below the 500-tonne mark foreign currency *earnings from tin* were more than double the combined export receipts of Indonesia's other metal exports of copper, nickel and bauxite. Overall tin ranks fifth behind oil, forestry products, rubber and coffee among the country's export commodities.

Indonesia's tin mining industry has never returned to the commanding heights it held under the Dutch before World War Two. The Japanese occupation sent production into a precipitous decline of 1,087 tonnes in 1945, and though it recovered somewhat after the war, in the late 1950s and early 1960s, the industry was thrown back into the doldrums as a result of extreme economic mismanagement by Sukarno, Indonesia's first president. Since then, however, the new order of President Suharto has seen the industry follow a steady path to revival. From a post-war low of 12,726 tonnes in 1966 the new regime doubled production within a decade, and since 1975 output has averaged more than 26,000 tonnes a year, though never coming anywhere near the record 54,320 tonnes produced in 1941.

Apart from the normal problems of lack of skills and a frighteningly unwieldy bureaucracy, Indonesia's tin industry has in recent years suffered most from an ageing dredging fleet and smuggling on a considerable scale.

There are now signs that both are being seriously tackled. Indonesia's first new offshore dredge for 13 years, the $17.3m Bangka 11, started operations last year. A second, Belitung 1—costing $25m is being built on the Indonesian island of Batam while a third—Singkep 1 should be commissioned this year. With two-thirds of Indonesia's dredging fleet 40 or more years old this new investment has not come a moment too soon.

## Smuggling

Meanwhile last year Admiral Sudomo, Indonesia's chief of national security and General Mohammad Jusuf, the country's defence minister, launched a joint armed forces operation to stamp out smuggling. Though there are now signs that the problem is creeping back, it has not returned to its former proportions. Various estimates have in the past put tin smuggled to Singapore out of Indonesia at a rate of between 3,000 to 5,000 tonnes a year—at current prices worth somewhere between $4.5m and 7.5m.

With current ore reserves off at least 1m tonnes and more as yet undiscovered, Indonesia should have little problem in fulfilling its Repelita III economic plan target of 35,000 tonnes by 1984. Many would argue that as Indonesia increasingly turns away from traditional onshore areas like Bangka to mining new rich offshore deposits with its big new dredges, 37,000 tonnes a year by 1984 should be well within its reach.

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Lower but well above the day's low on the London Metal Exchange. Forward metal opened at £880 and fell away to £868 in the morning rings, following rumours that Kennecott had reached agreement with copper workers over a new three-year contract. However, the market subsequently rallied strongly as rumours of increasing tension in Poland and the Middle East lifted the gold price and prompted good short covering and fresh of copper. Three months rose to £880 prior to the New York opening and thereafter traded around that level before closing the late Kerb at £879. Turnover: 21,050 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 849.5-50 | -8.75 | 861-2 | -4.5 |
| 3 months | 869.5-70 | -9.25 | 879.5-80 | -4 |
| Settlem't | 850 | -9 | — | |
| Cathodes | | | | |
| Cash | 819-21 | -10.5 | 832-3 | -4.5 |
| 3 months | 844-5 | -11 | 853-5 | -4.5 |
| Settlem't | 821 | -10 | — | ...... |
| U.S. Prod | ...... | | *98.5-104 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £850, three months £873, 72, 71, 70, 68, 69, 70, 69 69.5. Cathodes, three months £845. Kerb: Wirebars, three months £872, 73, 74, 73, 72. Afternoon: Wirebars, three months £878, 80, 79, 80 81, 82, 81, 80, 80.5, 81, 80 80.5, 81, 80. Kerb: Wirebars, three months £880, 79, 78, 79. Cathodes, untraded.

TIN—Moved narrowly in fairly quiet trading between £7,150 and £7,130 with forward metal finally closing the late Kerb at £7,140 with the price sustained by covering against American physical interest. Turnover: 860 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7115-20 | +22.5 | 7145-50 | +15 |
| 3 months | 7132-5 | +15.5 | 7145-50 | -15 |
| Settlem't | 7120 | +20 | — | ...... |
| Standard | | | | ...... |
| Cash | 7115-20 | +22.5 | 7145-50 | +15 |
| 3 months | 7132-5 | +15.5 | 7145-50 | -15 |
| Settlem't | 7120 | +20 | — | ...... |
| Straits. E. | ‡$2144 | +4 | — | ...... |
| New York | — | ...... | | |

Morning: Standard, cash £7,110, 20, 15, 20, three months £7,150, 40, 30, 25, 20, 30, 32. Afternoon: Standard, *cash £7,147, three months £7,140, 50,* 45, 40, 45, 40.

LEAD—Marginally easier on balance. Reports that Bunker Hill had agreed a new three-year contract with mine workers depressed forward metal from £380 to £368 on the pre-market. However, good trade support was noted throughout this decline and three months staged a good recovery to £382 by the afternoon in the wake of firmer gold and copper. The price eased a fraction on the late Kerb to close at £380.5 owing to official ratification of the new Bunker Hill contract. Turnover: 14,250 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 361.5-2 | -10.5 | 368-9 | -4 |
| 3 months | 375-.5 | -10 | 382-.5 | -5 |
| S'ment | 362 | -10.5 | — | ...... |
| U.S. Spot | — | ...... | *40-44 | ...... |

Morning: Cash £363, 62.5, three months £368, 70 69, 70, 71, 72, 71.5, 74, 75, 76, 75.5. Kerb: Cash £363.5, three months £376, 77, 78, 79 80. Afternoon: Three months £380, 81, 82, 81, 82, 83, 81.5, 82. Kerb: Three months £382.

ZINC—Held steady in a narrow trading range *prior* to ending the day at £344. Turnover: 4,125 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficl' | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 332.5-3.5 | +2.5 | 332-3 | +1 |
| 3 months | 345-.5 | +2.5 | 344-5 | +1.25 |
| S'ment | 333.5 | +2.5 | — | ...... |
| Primw'ts | — | ...... | *35.5 | ...... |

Morning: Three months £343, 44, 44.5, 45, 46.5, 46, 45.5, 45. Kerb: Three months £345. Afternoon: Three months £346, 45.5, 45. Kerb: Three months £343.5.

ALUMINIUM—Easier as speculative *liquidation, coupled with persistent* offerings of cash metal narrowed the backwardation to £18 and depressed three months material from £743 during the morning to a low of £737 prior to a close on the late Kerb of £738. Turnover: 7,525 tonnes.

| Alumin'm | a.m. Official | + or — † | p.m. Unoffici'l | + or — † |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 764-5 | -4.5 | 758-9 | -14 |
| 3 months | 745-4 | — | 740-1 | -5 |

Morning: Cash £762, 64, three months £743. Kerb: Three months £743, 42, 41. Afternoon: Three months £743, 42, 41, 40. Kerb: Three months £740, 39, 38, 39, 37, 38.

NICKEL—Slighly lower in quiet trading as selling of cash metal widened the contango and saw three months fall back from £2,812 to close the late Kerb at £2,787.5. Turnover: 714 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffici'l | + or — |
|---|---|---|---|---|
| Spot | 2870-5 | -15.5 | 2765-70 | -15 |
| 3 months | 2812-4 | -4.5 | 2795-800 | -10 |

Morning: Three months £2,812. Kerb: Three months £2,812. Afternoon: Cash £2 780, 75, 70, 65, three months £2 810, 05, 2,800, 2,795. Kerb: Cash £2,760, three months £2,780, 90.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.







## SILVER

Silver was fixed 3.9p an ounce higher for spot delivery in the London bullion market yesterday at 673.2p. U.S. equivalents of the fixing levels were: spot $15.931, up 11.9c; three-month $16.333, up 11.8c; six-month $16.757, up 14c; and 12-month $17.616, up 13.7c. The metal opened at 669p-677p ($15.8-16) and closed at 680p-688p ($16.1-16.3).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffici't | + or — |
|---|---|---|---|---|
| Spot | 673.20p | +3.9 | 685.5p | +11½ |
| 3 months | 699.80p | +4.10 | 712.25p | +12.5 |
| 6 months | 722.50p | +4.2 | — | ...... |
| 12months | 766.30p | +4.2 | — | ...... |

LME—Turnover 104 (89) lots of 10,000 ozs. Morning: three months 701, 1.5, 1, 2, 3, 5, 6, 5. Kerbs: three months 704. Afternoon: three months 712, 13, 12, 13, 14, 12, 13, 13.5, 13, 12. Kerbs: three months 710, 11, 10.

## COCOA

Cocoa futures eased further today, once again trading at new contract lows. Trading conditions were thin and physical business continued to be modest. Light producer offerings were matched by small amounts of offtake from consumers, reports Gill and Duffus.

| COCOA | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| Sep | 954-956 | -6.0 | 958-953 |
| Dec | 997-998 | -5.5 | 1002-995 |
| March | 1038-39 | -12.0 | 1045-38 |
| May | 1060-61 | -8.0 | 1065-60 |
| July | 1082-85 | -7.5 | 1086-84 |
| Sept | 1101-05 | -9.5 | 1108-05 |
| Dec | 1125-30 | -7.0 | — |

Sales: 1,594 (3,008) lots of 10 tonnes.

## COFFEE

A somewhat nervous opening session in robustas reflected the markets reaction to the Brazilian decision to open minimum export registration prices at unchanged levels, reports Drexel Burnham Lambert. In the afternoon a steady tone was maintained in quiet conditions with producer activity the only feature.

| COFFEE | yesterday's Close (£ per tonne) | + or — | Business Done |
|---|---|---|---|
| Sept | 1214-15 | -3.0 | 1223-90 |
| Nov | 1265-67 | -4.0 | 1273-50 |
| January | 1302-03 | -5.0 | 1314-95 |
| March | 1286-90 | -8.5 | 1305-85 |
| May | 1311-13 | -4.5 | |
| July | 1310-30 | +2.5 | 1312-07 |
| Sept | 1310-55 | +20.0 | — |

Sales: 3,080 (2,198) lots of 5 tonnes.

ICO indicator prices for August 19: (U.S. cents per pound). Other Mild Arabicas 138.83 (142.00). Robustas ICA 1976 137.00 (139.25). ICA 1968 137.25 (139.50). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 169.72 (171.00).

## GRAINS

LONDON GRAIN FUTURES — The Market opened unchanged to 5p higher. Wheat values moved up to 15p higher despite aggressive selling from one house. Barley spent all day on the retreat with a lack of buyers apparent. On the close, stop-loss selling forced values to 45p-65p down. Wheat finally, came off with stop-loss selling once again apparent on the close, plus large scale commercial buying, reports Acli.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| M'nth | Yesterday close | + or — | Yesterday close | + or — |
| Sept. | 94.10 | -0.35 | 89.20 | -0.45 |
| Nov | 97.15 | -0.50 | 93.20 | -0.85 |
| Jan. | 101.35 | -0.50 | 97.20 | -0.50 |
| Mar. | 104.75 | -0.50 | 100.75 | -0.50 |
| May | 108.30 | -0.55 | 104.25 | -0.50 |
| July | 111.80 | -0.50 | — | ...... |

Business done—Wheat: Sept. 94.50-94.10, Nov. 97.80-97.35, Jan. 101.80-101.30, March 105.35-104.95, May 108.90-108.45, July 112.50-112.00. Sales, 390 lots of 100 tonnes. Barley: Sept. 89.55-89.20, Nov. 93.85-93.20, Jan. 97.80-97.20, March 101.35-100.90, May 104.85-104.40. Sales, 440 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2 14 per cent Sept. 99.25, Oct. 102.60, Nov. 103.65, Dec. 106.45 transhipment East Coast. U.S. Hard Winter 13½ per cent Aug. 97.15, Sept. 97.90, Oct. 100.40, Nov. 101.40, Dec. 102.90 transhipment East Coast. English Feed fob Sept. 99.00, Oct. 100.50 sellers East Coast. Maize: U.S./French Sept. 123.50 transhipment East Coast. S. Afr. Yellow Sept./Oct. 90.00. Barley: English Feed fob Oct. 95 quoted East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 85.00, E. Midlands 85.90, N. East 85.00, Scotland 89.80.

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 7 tonnes, bringing the total for the week so far to 19 tonnes. Very narrow trading persisted, with only scattered transactions mentioned. Dealings were confined to minimum quantities of African styles with inquiries in some Middle Eastern qualities.

## RUBBER

The London physical market opened steady, with good demand throughout the day, closing firm. Lewis and Peat reported an fob September price for No. 1 RSS in Kuala Lumpur of 307.5 (301.5) cents a kilo and SMR 20 at 272 (268).

| No. 1 R.S.S. | Yest'day Close | Previous Close | Business Done |
|---|---|---|---|
| Sept | 63.80-63.90 | 63.50-63.80 | 64.10-63.40 |
| Oct | 64.50-64.60 | 64.10-64.60 | — |
| Oct-Dec | 65.40-65.50 | 64.90-65.10 | 65.80-64.90 |
| Jan-Mar | 68.10-68.30 | 68.40-68.50 | 69.50-68.40 |
| Apr-Jne | 72.00-72.10 | 71.40-71.50 | 72.50-71.60 |
| Jly-Sept | 74.80-74.90 | 74.10-74.20 | 75.20-74.50 |
| Oct-Dec | 77.50-77.60 | 76.50-76.70 | 77.60-76.90 |
| Jan-Mar | 79.60-79.50 | 79.10-79.30 | 79.40-79.58 |
| Apl-Jne | 82.50-82.60 | 81.80-81.90 | — |

Sales: 447 (518) at 15 tonnes. 6 (1) at 5 tonnes.

Physical closing prices (buyer) were: Spot 63.00p (62.50p); Sept. 64.75p (64.25p); Oct. 65.50p (64.75p).

## SOYABEAN MEAL

The London market opened slightly easier as prices drifted in quiet trading conditions, reports T. G. Roddick. The rally during the afternoon session was shortlived when it ran into trade selling and prices finished with small losses on the day.

| | Yest'rday Close (£ per tonne) | + or — | Business Done |
|---|---|---|---|
| August | 115.50-18.0 | -0.50 | — |
| October | 114.10-14.3 | — | 114.80-14.00 |
| December | 118.00-18.1 | -0.40 | 118.00-18.00 |
| February | 120.50-20.6 | -0.45 | 121.50-20.50 |
| April | 121.90-22.5 | -0.40 | — |
| June | 122.50-24.0 | -0.75 | — |
| August | 125.00-25.0 | -1.50 | — |

Sales: 116 (120) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (*raw sugar*): £320.00 (£325.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £326.00 (£327.00).

The market opened £5.00 above overnight levels following various constructive reports including Taiwan banning exports and India showing renewed buying interest. Further gains were made in the afternoon when the EEC issued export licences in respect of only 15,000 tons. March reached £365.50, before profit-taking reduced prices by some £3.00 towards the close, reports C. Czarnikow.

| No. 4 Contract | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Oct | 356.50-57.00 | 356.25-56.50 | 358.00-51.00 |
| Jan | 349.75-49.95 | 349.75-50.50 | 349.50-49.00 |
| Mch | 352.05-52.50 | 352.00-52.50 | 355.50-48.00 |
| May | 345.25-45.75 | 345.00-45.50 | 349.50-42.00 |
| Aug | 331.50-32.50 | 330.75-31.45 | 335.00-29.50 |
| Oct | 318.00-19.00 | 318.50-19.00 | 320.00-17.50 |
| Jan | 299.00-300.0 | 308.00-12.00 | 305.00-300.0 |

Sales: 5,256 (5,685) lots of 50 tonnes.

Number 2 Contract—Close (in order buyer, seller, business, sales). Aug. 305.00, 307.00, 313.00-300.00, 81; Oct. 342.50, 343.00, 343.50-338.00, 173. Sales: 254 (488).

Tate and Lyle ex-refinery price for granlated basis white sugar was £342.6 (same) a tonne for home trade and £410.50 (£419.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 19. Daily price 31.39 (32.26), 15-day average 31.83 (31.64).

## WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 351, 364, nil, nil; Oct. 361, 363, 361, 1; Dec. 364, 367, 364, 4; Jan. 366, 368, 366, 1; March 367, 371, 369, 368, 2; May 368, 374, 370, 1; Aug. 370, 376, 372, 1; Oct. 373, 377, 374, 5; Dec. 373, 375, nil, nil; Jan. 374, 379, nil, nil. Sales 15.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). *Australian cents per pound.* Oct. 456.0, 458.5, 459.0-458.0, 10; Dec. 465.0, 465.5, 465.9,464.0, 30; March 469.5, 471.0, 472.0-471.0, 72; May 473.0, 474.0, 474.0-473.0, 40; July 476.0, 478.0, 476.5-476.0, 22; Oct. 475.5, 477.0 475.0-474.5, 6; Dec. 477.0, 480.0, 478.0-476.5, 12; Sales: 192.

## PRICE CHANGES

‡ Unquoted. r Aug.-Sept. s Sept. t Oct.

| | Aug. 20 1980 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $1810/1840 | -50 | $1770/90 |
| Copper | | | |
| Cash w'bar | £861.5 | -4.5 | £963 |
| 3 mths | £879.75 | -4 | £967.75 |
| Cash Cathode | £832.5 | -4.5 | £923.5 |
| 3 mths | £854 | -4.5 | £944.5 |
| Gold troy oz | $634.5 | +11 | $631.5 |
| Lead Cash | £368.5 | -4 | £361 |
| 3 mnths | £382.25 | -3 | £371.5 |
| Nickel | £3,186.46 | ...... | £3,248.55 |
| Freemkt(cif lb) | 280/315c | ...... | 285/310c |
| Platin'mtr'y oz | £182.50 | ...... | £182.50 |
| Free mkt | £276.55 | +7.9 | £273.90 |
| Quicksilver† | $405/415 | ...... | $395/405 |
| Silver troy oz | 673.20p | +3.9 | 668.90p |
| 3 mths | 699.80p | +4.10 | 694.40p |
| Tin Cash | £7147.5 | +15 | £7,230 |
| 3 mths | £7,147.5 | -15 | £7,205 |
| Tungsten22.04lb | $144.74 | +1.35 | $142.65 |
| Wolfrm 22.04 lb | $149/152 | ...... | $146/149 |
| Zinc cash | £332.5 | +1 | £305 |
| 3 months | £344.5 | +1.25 | £315.75 |
| Producers | $780 | ...... | $780 |
| **Oils** | | | |
| Coconut (Phil) | $620r | ...... | $650 |
| Groundnut | ‡ | ...... | ‡ |
| Linseed Crude | £401 | ...... | £413 |
| Palm Malayan | $522.5t | -7.5 | $560 |
| **Seeds** | | | |
| Copra Philip | $430x | ...... | 450 |
| Soyabean(U.S.) | $314t | +1 | $308 |
| **Grains** | | | |
| Barley Futures | £93.20 | -0.85 | £95.20 |
| Maize | | | |
| French No3AM | £123.5s | ...... | ‡ |
| Wheat | | | |
| No.1 Red Spg. | ‡ | ...... | ‡ |
| No2HardWint | £97.15 | +0.9 | £91.75 |
| Eng. Millingt | ‡ | ...... | ‡ |
| **Other commodities** | | | |
| Cocoa ship't | £1,088 | -6 | £1,119 |
| Future Dec. | £997.5 | -5.5 | £1,073 |
| CoffeeF't Nov. | £1,266 | -4 | £1,328 |
| Cotton A,Index | 95.70c | ...... | 90c |
| Rubber (kilo) | 63p | +0.50 | 56.50p |
| Sugar (Raw) | £320 | -5 | £271 |
| Woolt'ps 64s kl. | 286p kilo | ...... | 288p kilo |

u Sept./Oct. z Indicator. § Buyer. † Per 76-lb flask.

## POTATOES

LONDON POTATO FUTURES—The market eased back in line with easier physical prices, with the greatest pressure showing on November, reports Coley and Harper. Closing prices: Nov. 40.60 -60 (high 40.90, low 40.50); Feb. 47.70 -40 (high 48.00, low 47.60); April 54.30 -30 (high 54.50, low 54.20). Turnover: 83 (69) lots of 40 tonnes.

*

HIDES—Leeds: Market firmer. Second clears. Ox 31/35.5 kilos 34.9p a kilo (33.1p a kilo) 26/30.5 kilos 39.7p (38.2p) 22/25.5 kilos 43.2p (40p). Light cows 42.5p (40p).

*

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.20, codlings £2.00-£4.00. Large haddock £3.00-£4.20, medium £2.00-£4.00, small £2.20-£3.20. Large plaice £6.70, medium £4.40-£5.80, best small £3.40-£4.50. Skinned dogfish (large) £7.00-£9.50, medium £4.80. Lemon soles medium £7.50. Rockfish £2.40-£2.60. Reds £2.40-£2.60. Saithe £2.00-£2.90.

## MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 61.5 to 65.8; Ulster hindquarters 72.0 to 78.0, forequarters 39.0 to 42.0; Eire hindquarters 72.5 to 75.0, forequarters 39.5 to 41.5. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 49.0 to 56.0, medium 47.5 to 51.0, heavy 44.0 to 47.5; Scotch medium 46.0 to 48.0, heavy 43.5 to 47.2; Imported frozen N.Z. pl 58.0 to 59.0, pm 51.0 to 53.0. Pork: English, under 100 lbs 39.0 to 48.0, 100-120 lbs 38.0 to 46.0, 120-160 lbs 35.0 to 44.0. Grouse: Young best each 200.0 to 240. Old each 100.0 to 140.0.

MEAT COMMISSION—Average fat*stock prices at representative markets* on: August 20. GB cattle 73.74 p per kg lw (-0.17). UK sheep 109.71 p per kg est d c w (-1.61). GB pigs 64.91 p per kg lw (-0.11).

COVENT GARDEN—Prices in sterling unless otherwise stated: Imported Produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 5.45, 112 4.30, 138 3.95, 150 3.20; Navelates 48 5.20, 56 5.50, 72 5.60, 88 5.10, 112 4.05, 138 3.75, 150 3.00; Tomangos/Proteas 48 4.80, 56 5.20, 72 5.30, 88 4.80, 112 4.00, 138 3.65, 150 3.00; Californian Sunkist:

English Produce: Potatoes—Per bag, new 1.20-1.40. Mushrooms—Per lb 0.30-0.60. Apples—Per lb Grenadier 0.06-0.08, Howgate 0.08-0.10, George Cave 0.16-0.20, Miller's Seedling 0.18-0.20, Discovery 0.18-0.28, Bramleys 0.11-0.14. Plums—Per 12 lbs Czar 1.00, Oullin's Gage 1.40, Belles 1.80. Cabbages—Per bag 1.80. Cauliflowers—Per 12 1.00-1.40. Peas—Per lb 0.06. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 2.80-3.20. Tomatoes—Per 12 lbs 3.00-3.40. Lettuce—Per 12, round 0.90-1.20, Cos 1.20, Webbs 1.20. Carrots—New crop 28 lbs 1.00-1.60. Onions—Per bag 2.20-2.50. Celery—Per 20/30 2.40-2.50. Marrows—Box 12/15 0.80-0.90. Capsicums—Per lb 0.15. Runner Beans—Per lb 0.12-0.15. Swedes—Per 28 lbs Devon 1.00-1.40. Courgettes—Per lb 0.12. Sprouts—Per lb 0.15-0.16.

# AMERICAN MARKETS

NEW YORK, August 20.

THE LIVESTOCK markets closed moderately higher on light trade activity. Maize closed mixed, wheat and soyabeans finished lower. Precious metals advanced limit or near limit up on rumours of additional Soviet divisions entering Poland. Copper followed the precious metals on the upside as trade began to extend current low inventories. Sugar rallied on light EEC tenders and on Indian buying. Cocoa declined on reports of new shipments out of West Africa, just ahead of the heavy September deliveries. Cotton finished very strongly on heavy trade buying, reported Heinold.

Copper—Aug. 91.15 (90.30), Sept. 91.25-91.50 (90.60), Oct. 92.05, Dec. 93.20-93.30, Jan. 93.75, March 94.80-94.90, May 95.80, July 97.35, Sept. 98.60, Dec. 100.35, Jan. 100.90, March 102.00, May 103.10. Sales: 6,500.

Potatoes (round whites)—Nov. 87.1-87. (86.5), March 119.5 (120.7), April 145.4-145.8. Sales: 1,224.

¶Silver—Aug. 1641.0-1645.0 (1588.0), Sept. 1643.0 (1593.0), Oct. 1659.0, Dec. 1691.0, Jan. 1709.0, March 1744.5, May 1779.5, July 1814.5, Sept. 1849.5, Dec. 1902.0, Jan. 1919.5, March 1954.5, May 1989.5. Sales: 3,500. Handy and Harman bullion spot 1608.0 (1580.0).

Sugar—No. 11: Sept. 32.75-32.85 (31.67), Oct. 33.60-33.75 (32.40), Jan. 34.78, March 35.05-35.20, May 34.45-34.55, July 33.55-33.60, Sept. 31.60-31.70, Oct. 31.00-31.05, Jan. 28.30-29.00. *Sales*: 12,350.

Tin—773.0-779.0 (775.0-778.0).

CHICAGO, August 20.

Chicago Imm Gold—Sept. 647.0-646.0 (625.2), Oct. 653.0 (631.5), Dec. 668.0-666.0, Jan. 674.5, March 691.0-689.0, April 697.5, June 713.0-713.5.

Lard—Chicago loose 23.50 (23.25). New York prime steam unavailable.

Live Cattle—Aug. 73.40-72.75 (73.70), Oct. 69.65-69.55 (69.20), Dec. 68.90-68.80, Jan. 69.95, Feb. 70.15-70.25, April 71.70, June 72.90.

Live Hogs—Aug. 50.75-50.90 (50.32), Oct. 44.15-44.05 (43.77), Dec. 45.25-45.15, Feb. 47.55-47.45, April 46.20-46.30, June 49.85, July 51.20, Aug. 50.30, Oct. 49.20.

‡‡Maize—Sept. 339½-340 (338¾), Dec. 339-338½ (339½), March 346½-346¾, May 348¾-349, July 348½-348¾, Sept. 340½-340.

Pork Bellies—Aug. 50.40-50.50 (49.75), Feb. 60.50-60.30 (60.05), March 60.00-60.35, May 60.90-61.00, July 60.90, Aug. —.

Silver—Aug. 1654.0 (1599.0), Sept. 1664.0 (1605.0), Oct. 1669.0, Dec. 1702.0, Feb. 1740.5, April 1775.0, June 1809.5, Aug. 1844.0, Oct. 1878.5, Dec. 1913.0, Feb. 1948.0, April 1983.0, June 2018.0, Aug. 2053.0, Oct. 2088.0, Nov. —.

†Soyabeans—Aug. 741¼ (741), Sept. 739½-739 (743¾), Nov. 758-755, Jan. 770½-769½, March 783-784, May 789-788, July 786, Aug. 785.

¶ Soyabean Meal—Aug. 208.0 (207.3), Sept. 209.0-208.8 (209.4), Oct. 211.3-211.5, Dec. 216.2-215.8, *Jan.* 218.3-218.0, March 219.5, May 220.0-220.5, July 221.5-222.0, Aug. 219.5-220.0, Sept. 220.0-220.5.

Soyabean Oil — Aug. 52.30-25.40 (25.30), Sept. 25.50-25.45 (25.69), Oct. 25.65, Dec. 26.00-25.90, Jan. 26.10, March 26.55, May 26.75, July 26.80, Aug. 26.75, Sept. 26.80-26.90.

†Wheat—Sept. 448½-449 (450½), Dec. 471-470½ (471¾), March 488½-488, May 492-491½, July 490, Sept. 496.

WINNIPEG, August 20. §Barley—Oct. 135.90 (125.10), Dec. 135.60 (134.90), March 136.20, May 136.70, July 136.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, August 20.

Wheat—U.S. No. Two Dark Hard Winter 13.5 per cent August/Sept. $208, Oct. $212, Nov. $214, Dec. $216. U.S. No. Two Red Winter Sept. $198, Oct. $200, Nov. $203. U.S. No. Two Northern Spring 14 per cent August $210, Sept. $212, Oct. $217, Nov. $220.

Maize—afl $169, August $167.50, Sept. $165.50, Oct. $166, Nov. $166, Dec. $169, Jan./March $173, April/June $173.

Soyabeans—U.S. Two Yellow Gulfports spot $299, afl $299, August $299, Sept. $300, Oct. $308, Nov. $309.25, Dec. $313.25 sellers/$313 buyers, Jan. $319.25, Feb. $324.50, March $326, April/May $328.75. Argentine afl $289, August $287, Sept. $289 sellers.

Soyameal—44 per cent protein U.S. afl $246, August $249, Sept. $255, Oct. $263, Nov./March $273. Brazil Pellets afl $260, August $262, Sept. $269, Oct. $276, Nov./March $284.

PARIS, August 20.

Cocoa (FFr per 100 kilos)—Sept. 910/930, Dec. 951/960, March 989/1,000, May 1,005/1,025, July 1,015/1,060, Sept. 1,030/1,070. Sales at call: 1.

Sugar (FFr per 100 kilos)—Oct. 3,190/3,195, Nov. 3,190, Dec. 3,251/3,255, March 3,343/3,356, May 3,275/3,285, July 3,180/3,260, August 3,120/3,210, Oct. 3,080/3,170. Sales at call: 12.

## INDICES

### FINANCIAL TIMES

| Aug. 19 | Aug. 18 | Mnth ago | Year ago |
|---|---|---|---|
| 273.76 | 272.72 | 273.41 | 285.27 |

(Base: July 1 1952=100)

### MOODY'S

| Aug. 19 | Aug. 18 | M'nth ago | Year ago |
|---|---|---|---|
| 1231.4 | 1237.2 | 1181.4 | 1087.3 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Aug. 19 | Aug 18 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 446.74 | 446.55 | 430.93 | 401.14 |
| F'tur s | 464.14 | 460.76 | 446.08 | 413.20 |

(Average 1924-25-26=100)

### REUTERS

| Aug. 20 | Aug. 19 | M'nth ago | Year ago |
|---|---|---|---|
| 1725.5 | 1723.2 | 1691.6 | 1577.1 |

(Base: September 18, 1931=100)

# Equity leaders take a distinct turn for the better
# Index up 3.6 at 491.7—Electricals in demand

**Account Dealing Dates**
**Options**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Aug. 11 | Aug. 28 | Aug. 29 | Sept. 8 |
| Sept. 1 | Sept. 11 | Sept. 12 | Sept. 22 |
| Sept. 15 | Sept. 25 | Sept. 26 | Oct. 6 |

* "New time" dealings may take place from 9 am two business days earlier.

Although business in London stock markets continued at an extremely low ebb, the underlying tone in equities remained quite firm while British Funds managed to shake off initial uncertainty.

After showing losses of ¼ at the opening following the latest upturn in U.S. interest rates, medium and long-dated Gilts picked up on the appearance of a few cheap buyers and final quotations were a little firmer on balance. Against the trend, the £20-paid medium tap Treasury 11¾ per cent 1991 "A" met selling ahead of tomorrow's call of £30 per cent and touched 16½ before settling at 16⅝ for a fall of 1/16.

The fresh overnight setback on Wall Street made for slightly lower opening levels in leading equities. Sellers held off, however, and the appearance of buyers led to a distinct turn for the better. The trend showed quite clearly in the FT 30-share index; a loss of 2.7 at the 11.00 am calculation was gradually whittled away and was transformed into a net rise on the day of 3.6 at 491.7.

Electricals led the way higher with index constituent GEC prominent on some useful investment support. Other firm constituents included Blue Circle ahead of next week's interim statement and London Brick on satisfaction with yesterday's half-yearly results.

Insurances responded afresh to renewed investment demand which often found the market short of stock, while Stores also found some support and made a reasonably firm showing.

Trading news again generated a little interest and occasional bid speculation helped to enliven the day's proceedings, but the bargains total, only 17,011 against the recent daily average of well over 20,000 illustrated the overall lethargy. Rises to falls in FT-quoted Industrials were evenly balanced.

South African Gold Mining shares rallied further in sympathy with the fresh gain in bullion and the Gold Mines index rose 4.9 more to 372.8.

Quieter conditions prevailed in Traded options which attracted a total of 764 contracts compared with the previous day's 974. Racal and Commercial Union recorded 157 and 119 deals respectively.

In recent issues, **Shackleton Petroleum**, which staged a successful London debut on Wednesday, fell 8½ to 61½p on lower Canadian advices, but **Charterhouse Petroleum** attracted buyers and put on 4 to 80p.

Business in Stores was slow to develop, but the presence of institutional buyers in the later trade gave a fillip to selected leaders. **Gussies "A"** continued buoyant, adding 8 for a two-day rise of 16 at 462p. **British Home Stores** picked up 4 to a 1980 high of 165p and **Woolworths** hardened 1¼ to 55½p. Secondary counters lacked direction, although **Lee Cooper** again attracted speculative support and rose 12 to 166p. Depressed of late following the recent altercation with its auditors, **Cope Sportswear** rallied a penny to 14p, while call option business helped **R. and J. Pullman**, a couple of pence to the good at 43p; the latter's annual results are expected today.

## Insurances strong

Insurances gave an impressive performance yesterday on some good buying, most of it institutional, which found stock in short supply. Consequently, closing gains ranged to double figures in places. Life issues were particularly favoured with **Pearl** up another 8 to 422p ahead of Wednesday's interim figures. Similar rises were seen in **Equity and Law**, 320p, **Legal and General**, 224p, **Provident**, 190p, and **Prudential**, 248p, while **Hambro Life** rose 14 to 284p. **Royals**, still responding to the good interim results, rose 10 to 425p among Composites, where **Phoenix** added 8 to 288p. **Commercial Union**, 169p, and **Eagle Star**, 233p, put on 7 apiece.

Frustrated bid speculators continued to sell **UDT** which softened a penny more to 43p, after 42p; the shares have now fallen 18 since details of the Trustees Savings Bank's acquisition of a 75 per cent interest in the group's instalment credit business. **UDT's 16 per cent Convertible 1979-81** lost 4 points yesterday to £124, after £119. Merchant banks edged forward in places. **Manson Finance** hardened a penny to 51p and **Mercury Securities** appreciated 3 to 218p.

Breweries usually finished with small gains, more attributable to lack of sellers than to any degree of support. **Bass** firmed 4 to 234p, while **Whitbread** added a couple of pence at 161p.

Steady awaiting the half-yearly results, **London Brick** slipped to 71p on the announcement before closing 2 firmer on balance at 74p, while buying ahead of next Wednesday's interim results left **Blue Circle** 10 dearer at 380p. Other leading Buildings also closed on a firm note, **Taylor Woodrow** adding 7 to 479p and **Wimpey** 2 to 87p. **Redland** put on 3 to a 1980 peak of 183p, while similar gains were marked against **Tarmac**, 276p, and **BPB**, 231p. Elsewhere, **Marchwiel**, first quarter figures next Monday, eased a couple of pence to 97p, but **SGB** improved 3 to 160p and **Fairclough Construction** hardened 2 to a 1980 peak of 72p. A rising market of late on speculative buying, **Ibstock Johnsen** relinquished a couple of pence to 67p.

A shade easier at first on small selling, **ICI** picked up to 370p before closing unchanged on balance at 368p. Among other Chemicals, **Revertex** put on 2 to 44p; Yule Catto's bid for the company, worth about 47p per share, has received Monopolies Commission clearance.

A shade easier at the outset, Electricals attracted a fair measure of investment buying and closed with useful gains. Among the leaders, **GEC** rose 8 to 496p and **Racal** 6 to 285p. **Plessey**, however, ended unchanged at 247p having earlier reached 250p. Interest was also noted for **Standard Telephones**, 9 up at 413p, and for **Farnell**, a similar amount better at 365p. **A.B. Electronics** picked up 6 for a two-day gain of 12 at 190p, while **Security Centres**, still reflecting pleasing results, added 3 more to 51p. Buying in a restricted market helped **Electrocomponents**, 27 higher at 705p, while **Dale** firmed 3 to 92p awaiting today's preliminary results.

In a quiet Engineering sector, **Peter Brotherhood** were notable for a rise of 5 to 96p in response to Press comment, while **Matthew Hall** continued to reflect an investment recommendation by rising 3 more to 269p. **Greens Economiser** found support at 97p, up 5, and **Mining Supplies** revived with a gain of 4 at 137p. **Prestwich Parker**, however, declined 3 to 34p and **Simon** lost 4 to 260p. The leaders were barely tested although **Hawker**, at 224p, retrieved 2 of the previous day's fall of 10 which followed adverse comment. **John Brown** continued firmly at 63½p, up 1.

Reports of a forecast rise in the commodity price because of reduced world sugar crops left **Tate and Lyle** 6 up at a 1980 peak of 156p in a thin market, while **British Sugar** finished a couple of pence harder at 255p. Renewed support prompted a fresh rise of 7 to 457p in **J. Sainsbury**, but **Brooke Bond** came on offer and shed 1½ to 51½p. Elsewhere, **Avana** put on 14 to 175p in a thin market on bid hopes, while **Bernard Matthews** added 5 more to 230p, the latter following a favourable Press mention. **J. E. England** improved a penny at 16p; **Walter Duncan Goodricke** has increased its stake in the company to 17 per cent.

## Johnson Group easier

Apart from **Bowater**, which softened a couple of pence to 168p on further consideration of the group's controversial decision to close its loss-making Ellesmere Port paper mill, miscellaneous industrial leaders closed slightly firmer for choice after an uninspiring trade. **Boots** put on 4 to 234p and **Beecham** 3 to 155p, while **Metal Box** hardened 2 to 290p as did **Glaxo**, to 236p. Elsewhere, **Johnson Group Cleaners** fell 7 to 164p in reaction to disappointing half-yearly profits, while **Chubb** continued to reflect adverse comment and lost 3 further to 96p. Buying on recovery hopes helped **Dufay Bitumastic**, at 30p, retrieve 5 of the previous day's fall of 6 that stemmed from the poor interim results. **Polymark International** attracted buyers and firmed 5½ to 89p, while revived speculative support lifted **J. Bibby** 6 to 210p. Awaiting news from the AGM, **Phillip Harris** improved 2 more to 82p, while **London and Midland** added 4 to 106p and **Broken Hill Proprietary** rose 20 to 780p. **Restmor** improved 2 to 89p on further consideration of the results and **Kennedy Smale** put on a like amount to 77p for a similar reason.

The Leisure sector featured **Management Agency and Music** which, in a thin market, put on 14 to a 1980 peak of 160p on bid hopes. Also in thin markets, **Horizon Travel** added 7 to 295p and **Saga** 4 to 178p reflecting increased holiday bookings.

In Papers, **Richard Clay**, 52p, recovered 4 of the previous day's fall of 8 which stemmed from interim profits setback.

Modest falls in Properties were usually erased and sometimes replaced by net gains. **British Land** closed 2 better at 94p and **Stock Conversion** 6 dearer at 458p. Elsewhere, **Rush and Tompkins** shed 8 to 212p as bid hopes faded.

## Lasmo dip and rally

Down 17 on Tuesday on the interim results, **Lasmo** reacted afresh to 690p before closing only 3 cheaper on balance at 700p. **British Petroleum** and **Shell** improved 4 apiece to 352p and 420p respectively, the latter in front of today's half-yearly results. **Ultramar** eased 4 to 350p and **Tricentrol** a couple of pence to 336p, while **Clyde** shed 5 to 465p. **Charterhall**, however, added 3 to 67p, while **Strata** picked up 6 to 118p.

In Overseas Traders, **Lonrho** found renewed support and closed 3 higher at 96p and **Harrisons and Crosfield** added 8 to 775p.

An outstanding firm feature in Investment Trusts was provided by **Progressive Securities** which jumped 23 to a close of 92p following the bid approach from an unnamed source.

A good market on Tuesday following the much better-than-expected interim statement, **Ocean Transport** succumbed to profit-taking and eased 3 to 132p.

## Golds move ahead

South African Golds made good progress as the bullion price gained a further $11 to $634.50 an ounce reflecting continuing unease over the situation in Poland and the Middle East.

The share market got off to a slow start as gold held around its overnight levels. However, the market began to pick up after midday and this trend gathered pace towards the close of business when persistent American interest was reported.

The Gold Mines index registered a rise of 4.9 to 372.8, up 9.6 over the past two days.

Among the heavyweights, **Western Holdings** were prominent and put on a further £1¼ to £33¼ while **St. Helena** added almost a point to a 1980 high of £20. In the medium and lower-priced stocks, **Venterspost** were outstanding with an advance of 43 to 710p.

Financials followed a similar pattern. In South Africans, improvements of around a point were common to "**Angold**" and **GFSA** at £42 and £30¾ respectively, while **Amcoal** put on ¾ to a 1980 high of £12¾.

A lone weak spot was provided by **De Beers** which dropped 7 to 403p, mainly owing to lack of interest rather than selling after the half-year figures.

The London Financials moved ahead in the after-hours' trade reflecting the strength of the gold price. **Rio Tinto-Zinc** closed 7 up on balance at 475p, after 462p, while **Gold Fields** rose 5 to 537p and **Tanks** 3 to 338p.

Australians staged a late rally after losing ground during the morning following the domestic reaction to the Federal Budget.

Most of the late demand was for the leading issues, where rises of around 3 were common to **MIM Holdings**, 264p, **North Kalgurli**, 87p, and **Western Mining**, 301p. **Poseidon** advanced 9 to 227p.

Tins were again featured by **Gopeng** which jumped 50 to 640p, still reflecting merger hopes.

## FINANCIAL TIMES STOCK INDICES

| | Aug. 20 | Aug. 19 | Aug. 18 | Aug. 15 | Aug. 14 | Aug. 13 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 69.13 | 69.07 | 69.23 | 69.42 | 69.04 | 69.33 | 73.87 |
| Fixed Interest | 70.54 | 70.56 | 70.58 | 70.60 | 70.32 | 70.49 | 74.66 |
| Industrial | 491.7 | 488.1 | 487.6 | 485.8 | 477.3 | 474.6 | 465.7 |
| Gold Mines | 372.8 | 367.9 | 363.2 | 372.5 | 354.2 | 354.2 | 180.8 |
| Ord. Div. Yield | 7.36 | 7.42 | 7.42 | 7.48 | 7.58 | 7.62 | 7.01 |
| Earnings, Yld. % (full) | 17.30 | 17.43 | 17.43 | 17.56 | 17.80 | 17.91 | 17.54 |
| P/E Ratio (net) (*) | 6.98 | 6.93 | 6.94 | 6.88 | 6.79 | 6.76 | 7.18 |
| Total Bargains | 17,011 | 17,434 | 17,037 | 17,632 | 16,903 | 16,626 | — |
| Equity turnover £m. | — | 108.83 | 88.26 | 88.24 | 85.00 | 97.65 | 53.76 |
| Equity bargains total | — | 13,408 | 13,366 | 11,667 | 11,561 | 12,064 | 9,556 |

10 am 485.5. 11 am 485.4. Noon 486.4. 1 pm 487.3.
2 pm 489.3. 3 pm 489.8.
Latest Index 01-246 8026.
* Nil=6.51.
Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1980 High | 1980 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt Secs. | 72.64 (21/7) | 63.85 (7/3) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 74.08 (24/7) | 64.70 (10/3) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 503.1 (16/7) | 406.9 (3/1) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 383.8 (29/7) | 265.5 (18/3) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | Aug. 20 | Aug. 19 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 73.2 | 112.0 |
| Industrials | 82.6 | 112.9 |
| Speculative | 34.7 | 40.0 |
| Totals | 57.7 | 80.1 |
| 5-day Avrge. | | |
| Gilt Edged | 97.0 | 100.9 |
| Industrials | 92.4 | 94.1 |
| Speculative | 33.6 | 32.5 |
| Totals | 64.9 | 65.6 |

## NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

### NEW HIGHS (71)

**BANKS (3)**
Manson Finance, Trade Development, Standard Chartered
**BEERS (1)**
Greene King
**BUILDINGS (6)**
Barratt Dvlpts., Gough Cooper, Benlox, Redland, Fairclough Cons., Tarmac
**STORES (3)**
Gt. Universal Stores, British Home Stores, Do. A
**ELECTRICALS (10)**
A.B. Electronics, GEC, Dubilier, Plessey, Electrocomponents, Rediffusion, Emess Lighting, Security Centres, Ferranti, Thorn EMI
**ENGINEERING (4)**
Brotherhood (P.), Howden Group, Hall (Matthew), Northern Eng.
**FOODS (3)**
Assoc. Brit. Foods, Sainsbury (J.), Avana
**INDUSTRIALS (8)**
Boots, Kennedy Smale, Esselte AB, Office & Electronic, Harris (P.), Polymark, I.C. Inds., Sutcliffe Speakman
**INSURANCE (12)**
Commercial Union, Provident, Equity & Law, Prudential, Hambro Life, Refuge, Legal & General, Royal, Pearl, Sedgwick, Phoenix, Sun Alliance
**LEISURE (2)**
Horizon, Mangt. Agcy. Music
**PROPERTY (2)**
Land Secs. 10pc Conv 1995, Land Investors
**TRUSTS (11)**
Brit. Ind. & Gen., Oil & Assoc. Inv., Colonial Secs. Defd., Prog. Secs. Inv., Crescent Japan, River Plate Defd., Derby Trust Cap., Scottish Ontario, Law Debenture, Second Alliance, North Atlantic Secs.
**OVERSEAS TRADERS (1)**
Berisford (S. & W.)
**MINES (5)**
St. Helena, Gopeng Cons., Anglo Am. Coal, Petaling, Rand London

### NEW LOWS (26)

**BRITISH FUNDS (1)**
Treasury 12 pc 1987 (£50 paid)
**CHEMICALS (3)**
Arrow Chemicals, Croda Intl., BASF AG
**STORES (2)**
Church, Selincourt
**ELECTRICALS (2)**
Newman Inds., Vitatron N.V.
**ENGINEERING (4)**
Ductile Steels, Neepsend, Hunt & Moscrop, Sykes (H.)
**HOTELS (1)**
Ryan Hotels
**INDUSTRIALS (7)**
Barrow Hepburn, Martin-Black, Brook St. Bureau, Nash (J. F.), Durapipe, United Gas, Macpherson (D.)
**MOTORS (1)**
Assoc. Eng.
**SHOES (2)**
Headlam. Sims, Scott (D.)
**TEXTILES (2)**
Bond St. Fabrics, Martin (A.)
**OIL & GAS (1)**
Sun (UK) Royalty

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 49 | 5 | 40 |
| Corpns. Dom. and Foreign Bonds | 1 | — | 65 |
| Industrials | 222 | 198 | 972 |
| Financial and Prop. | 93 | 74 | 329 |
| Oils | 9 | 25 | 22 |
| Plantations | 4 | 3 | 18 |
| Mines | 50 | 30 | 79 |
| Others | 27 | 70 | 70 |
| Totals | 455 | 405 | 1,595 |

## LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, August 19.

| | | | |
|---|---|---|---|
| Merchant Banks | + 53.60 | Industrial Group | + 21.94 |
| Insurance (Life) | + 53.38 | Other Groups | + 21.42 |
| Mining Finance | + 51.46 | Mechanical Engineering | + 20.82 |
| Electricals | + 51.39 | Food Retailing | + 20.43 |
| Shipping | + 43.94 | 500 Share Index | + 20.24 |
| Property | + 39.73 | Pharmaceutical Products | + 20.21 |
| Electronics, Radio and TV | + 38.53 | Breweries | + 16.30 |
| Gold Mines F.T. | + 36.97 | Engineering Contractors | + 15.39 |
| Investment Trusts | + 36.82 | Consumer Goods (Non-Durable) Group | + 14.87 |
| Insurance (Composite) | + 33.33 | Metal and Metal Forming | + 14.20 |
| Hire Purchase | + 31.92 | Oils | + 14.00 |
| Capital Goods Group | + 31.90 | Tobaccos | + 13.92 |
| Discount Houses | + 29.73 | Chemicals | + 13.80 |
| Building Materials | + 29.71 | Newspapers and Publishing | + 13.77 |
| Overseas Traders | + 29.61 | Food Manufacturing | + 13.41 |
| Financial Group | + 29.30 | Packaging and Paper | + 12.84 |
| Contracting and Construction | + 28.27 | Banks | + 7.93 |
| Insurance Brokers | + 25.58 | Wines and Spirits | + 6.45 |
| Entertainment and Catering | + 23.86 | Office Equipment | + 3.52 |
| All-share Index | + 23.78 | Textiles | − 1.68 |
| Consumer Goods (Durable) Group | + 23.28 | Motors and Distributors | − 2.14 |
| Stores | + 23.10 | Household Goods | − 20.44 |
| | | Toys and Games | − 44.51 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Wed., Aug. 20, 1980 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Tues., Aug. 19 Index No. | Mon., Aug. 18 Index No. | Fri., Aug. 15 Index No. | Thur., Aug. 14 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (171) | 283.40 | +0.7 | 16.07 | 5.81 | 7.51 | 281.48 | 281.44 | 279.85 | 276.58 | 243.28 |
| 2 | Building Materials (28) | 259.35 | +0.9 | 17.76 | 6.46 | 6.63 | 257.08 | 255.87 | 254.14 | 251.28 | 226.46 |
| 3 | Contracting, Construction (27) | 419.54 | +0.7 | 22.12 | 5.80 | 5.37 | 416.52 | 413.65 | 411.24 | 405.80 | 367.64 |
| 4 | Electricals (17) | 842.32 | +1.2 | 11.44 | 3.15 | 10.71 | 832.16 | 833.27 | 826.64 | 816.25 | 615.61 |
| 5 | Engineering Contractors (11) | 332.98 | +0.3 | 20.68 | 7.82 | 6.08 | 331.95 | 327.29 | 326.46 | 325.28 | 353.87 |
| 6 | Mechanical Engineering (72) | 181.32 | +0.2 | 16.70 | 7.38 | 7.32 | 180.96 | 182.31 | 181.65 | 179.17 | 173.62 |
| 8 | Metals and Metal Forming (16) | 164.65 | −0.5 | 22.01 | 10.31 | 5.42 | 165.48 | 164.74 | 164.69 | 163.75 | 161.65 |
| 11 | CONSUMER GOODS (DURABLE) (49) | 236.57 | +0.8 | 15.83 | 5.40 | 8.68 | 234.72 | 233.95 | 232.51 | 231.08 | 235.22 |
| 12 | Lt. Electronics, Radio, TV (14) | 359.43 | +1.3 | 13.44 | 3.92 | 11.38 | 354.82 | 352.63 | 349.49 | 347.78 | 332.75 |
| 13 | Household Goods (14) | 92.31 | −0.3 | 26.25 | 11.09 | 4.81 | 92.61 | 93.15 | 93.43 | 92.54 | 146.70 |
| 14 | Motors and Distributors (21) | 100.68 | −0.7 | 21.97 | 9.33 | 5.24 | 101.40 | 101.88 | 101.98 | 101.01 | 113.31 |
| 21 | CONSUMER GOODS (NON DURABLES) (172) | 238.42 | +0.6 | 17.23 | 6.75 | 7.01 | 236.96 | 236.12 | 235.72 | 233.11 | 236.73 |
| 22 | Breweries (14) | 293.70 | +1.1 | 15.48 | 6.27 | 7.54 | 290.45 | 289.24 | 288.75 | 284.67 | 284.22 |
| 23 | Wines and Spirits (5) | 313.02 | +0.3 | 19.38 | 6.51 | 6.07 | 312.04 | 311.98 | 312.07 | 309.30 | 313.01 |
| 24 | Entertainment, Catering (17) | 340.76 | +0.6 | 17.01 | 6.57 | 7.24 | 338.70 | 334.15 | 335.25 | 330.31 | 300.39 |
| 25 | Food Manufacturers (21) | 216.44 | +0.4 | 18.72 | 6.94 | 6.29 | 215.69 | 216.74 | 215.27 | 212.41 | 205.84 |
| 26 | Food Retailing (13) | 355.55 | +0.4 | 11.87 | 4.48 | 10.06 | 354.17 | 355.28 | 353.79 | 349.28 | 311.29 |
| 32 | Newspapers, Publishing (13) | 436.35 | −0.2 | 21.55 | 7.11 | 6.12 | 437.10 | 434.52 | 435.41 | 433.27 | 415.74 |
| 33 | Packaging and Paper (15) | 129.82 | −0.2 | 27.46 | 10.08 | 4.23 | 130.05 | 129.98 | 130.22 | 129.35 | 127.60 |
| 34 | Stores (45) | 237.38 | +0.9 | 13.08 | 5.29 | 9.96 | 235.33 | 233.05 | 232.86 | 230.97 | 243.90 |
| 35 | Textiles (21) | 124.26 | +0.7 | 26.46 | 12.44 | 4.60 | 123.46 | 122.92 | 122.20 | 121.56 | 156.29 |
| 36 | Tobaccos (3) | 227.65 | +0.4 | 25.21 | 10.23 | 4.51 | 226.67 | 227.65 | 227.65 | 224.18 | 239.83 |
| 37 | Toys and Games (5) | 26.41 | — | 8.51 | 14.43 | 27.16 | 26.41 | 26.41 | 26.86 | 26.67 | 77.07 |
| 41 | OTHER GROUPS (99) | 227.44 | +0.1 | 16.24 | 6.82 | 7.31 | 227.27 | 226.47 | 225.48 | 222.49 | 201.89 |
| 42 | Chemicals (16) | 316.73 | +0.2 | 19.59 | 7.61 | 5.85 | 316.03 | 316.41 | 314.16 | 309.02 | 278.64 |
| 43 | Pharmaceutical Products (7) | 236.43 | +1.4 | 10.70 | 5.86 | 11.55 | 233.24 | 232.29 | 230.07 | 225.92 | 226.17 |
| 44 | Office Equipment (6) | 107.40 | — | 18.85 | 7.72 | 6.19 | 107.42 | 106.56 | 107.71 | 106.00 | 118.15 |
| 45 | Shipping (10) | 608.27 | −0.4 | 12.62 | 5.85 | 9.66 | 610.45 | 597.36 | 596.65 | 592.80 | 446.41 |
| 46 | Miscellaneous (60) | 280.46 | −0.6 | 16.15 | 6.60 | 7.57 | 282.19 | 281.28 | 280.64 | 278.20 | 241.42 |
| 49 | INDUSTRIAL GROUP (491) | 254.59 | +0.5 | 16.59 | 6.42 | 7.31 | 253.27 | 252.61 | 251.67 | 248.81 | 237.01 |
| 51 | Oils (9) | 801.08 | +0.9 | 27.70 | 6.46 | 3.99 | 793.89 | 797.42 | 799.53 | 797.66 | 613.64 |
| 59 | 500 SHARE INDEX | 297.93 | +0.6 | 18.91 | 6.42 | 6.23 | 296.15 | 295.82 | 295.11 | 292.31 | 267.77 |
| 61 | FINANCIAL GROUP (118) | 238.00 | +0.9 | — | 5.41 | — | 235.80 | 254.38 | 231.74 | 227.37 | 188.85 |
| 62 | Banks (6) | 237.51 | −0.1 | 42.52 | 7.08 | 2.80 | 237.80 | 235.42 | 232.03 | 225.37 | 215.88 |
| 63 | Discount Houses (10) | 284.49 | — | — | 6.24 | — | 284.49 | 283.86 | 285.26 | 280.59 | 262.45 |
| 64 | Hire Purchase (5) | 219.38 | +0.6 | 14.12 | 4.56 | 9.23 | 218.10 | 219.73 | 216.54 | 213.12 | 172.35 |
| 65 | Insurance (Life) (10) | 247.63 | +3.2 | — | 5.15 | — | 239.86 | 237.81 | 236.52 | 230.25 | 151.60 |
| 66 | Insurance (Composite) (9) | 165.55 | +2.1 | — | 6.70 | — | 162.22 | 162.38 | 157.68 | 154.14 | 125.00 |
| 67 | Insurance Brokers (9) | 343.05 | +2.1 | 13.54 | 6.72 | 10.14 | 336.00 | 333.56 | 336.37 | 332.64 | 269.04 |
| 68 | Merchant Banks (12) | 138.07 | +0.2 | — | 5.15 | — | 137.86 | 135.55 | 135.08 | 134.54 | 98.46 |
| 69 | Property (45) | 442.41 | — | 3.22 | 2.66 | 43.28 | 442.56 | 440.21 | 438.84 | 433.69 | 361.74 |
| 70 | Miscellaneous (12) | 144.74 | +0.6 | 14.25 | 6.10 | 8.92 | 143.93 | 142.45 | 141.68 | 141.07 | 118.24 |
| 71 | Investment Trusts (109) | 263.08 | −0.1 | — | 5.47 | — | 263.37 | 262.69 | 261.70 | 256.32 | 213.24 |
| 81 | Mining Finance (3) | 248.41 | +1.3 | 12.09 | 4.22 | 9.96 | 245.29 | 243.73 | 243.98 | 242.07 | 122.65 |
| 91 | Overseas Traders (20) | 431.02 | — | 11.67 | 6.85 | 10.32 | 430.82 | 427.98 | 427.65 | 421.12 | 338.74 |
| 99 | ALL-SHARE INDEX (750) | 286.21 | +0.6 | — | 6.13 | — | 284.43 | 283.75 | 282.62 | 279.24 | 245.61 |

### FIXED INTEREST PRICE INDICES

| | British Government | Wed., Aug. 20 | Day's change % | xd adj. today | xd adj. 1980 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 104.79 | +0.07 | 0.32 | 7.42 |
| 2 | 5-15 years | 110.17 | +0.10 | — | 8.64 |
| 3 | Over 15 years | 115.40 | +0.23 | 0.76 | 9.03 |
| 4 | Irredeemables | 128.86 | −0.05 | — | 7.24 |
| 5 | All stocks | 109.85 | +0.14 | 0.38 | 8.22 |

### FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

| | | | Wed., Aug. 20 | Tues., Aug. 19 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 12.10 | 12.11 | 9.91 |
| 2 | | 15 years | 12.10 | 12.11 | 10.45 |
| 3 | | 25 years | 12.10 | 12.11 | 10.99 |
| 4 | Medium Coupons | 5 years | 13.44 | 13.47 | 11.84 |
| 5 | | 15 years | 13.40 | 13.42 | 11.97 |
| 6 | | 25 years | 13.35 | 13.38 | 0.00 |
| 7 | High Coupons | 5 years | 13.61 | 13.61 | 12.23 |
| 8 | | 15 years | 13.78 | 13.80 | 12.45 |
| 9 | | 25 years | 13.59 | 13.64 | 12.37 |
| 10 | Irredeemables | | 11.54 | 11.53 | 10.74 |

| | | Wed., Aug. 20 Index No. | Wed., Aug. 20 Yield % | Tues. Aug. 19 | Mon. Aug. 18 | Friday Aug. 15 | Thurs. Aug. 14 | Wed. Aug. 13 | Tues. Aug. 12 | Mon. Aug. 11 | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 54.29 | †13.65 | 54.32 | 54.35 | 54.29 | 54.29 | 54.37 | 54.37 | 54.47 | 58.60 |
| 16 | Investment Trust Prefs. (15) | 51.12 | 13.20 | 51.12 | 51.12 | 51.12 | 50.52 | 50.52 | 50.76 | 50.76 | 50.89 |
| 17 | Coml. and Indl. Prefs. (20) | 67.23 | 13.33 | 67.23 | 67.23 | 67.23 | 67.23 | 66.97 | 66.98 | 66.75 | 71.04 |

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

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## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1980 high | 1980 low |
|---|---|---|---|---|---|---|
| GEC | 25p | 8 | 496 | + 8 | 496 | 326 |
| GUS A | 25p | 7 | 462 | + 8 | 462 | 340 |
| Land Securities | 50p | 6 | 366 | — | 370 | 237 |
| LASMO | 25p | 6 | 700 | — | 830 | 337 |
| Ocean Transport | 25p | 6 | 132 | − 3 | 135 | 86 |
| Plessey | 50p | 6 | 247 | — | 249 | 108 |
| BAT Inds. | 25p | 5 | 280 | — | 290 | 223 |
| BP | 25p | 5 | 352 | + 4 | 412 | 320 |
| Commercial Un. | 25p | 5 | 169 | + 7 | 169 | 125 |
| De Beers Dfd. | R0.05 | 5 | 403 | − 7 | 553 | 368 |
| Hawker Siddeley | 25p | 5 | 224 | + 2 | 246 | 158 |
| ICI | £1 | 5 | 368 | — | 402 | 348 |
| Marks & Spencer | 25p | 5 | 103 | — | 103 | 77 |
| Racal Electronics | 25p | 5 | 285 | + 6 | 290 | 175 |
| Thorn EMI | 25p | 5 | 354 | + 2 | 356 | 260 |

## OPTIONS

| First Dealing | Last Dealing | Last Declaration | For Settlement |
|---|---|---|---|
| Aug. 18 | Sept. 5 | Nov. 20 | Dec. 1 |
| Sept. 8 | Sept. 19 | Dec. 4 | Dec. 15 |
| Sept. 22 | Oct. 3 | Dec. 18 | Dec. 29 |

*For rate indications see end of Share Information Service*

Calls were made in William Press, Weir Group, Percy Lane, Linread, Lonrho, British Land, Combined English Stores, Coral Leisure, FNFC, Racal, Charterhouse Petroleum, P and O Deferred, Baker Electronics, Dunlop, R. and J. Pullman, Metal Exploration, Montague L. Meyer, Woodside and International Thomson. No puts were reported, but doubles were arranged in FNFC and P and O Deferred.

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### "RIGHTS" OFFERS

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Aug. 15. | US$39.77

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund | US$6.59 534.15

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Amer. Gth. Tst. | 51.2 | 55.1 | -0.5 | 2.63 |
| Abbey Capital | 41.4 | 44.7 | +0.1 | 5.48 |
| Abbey General | 52.1 | 56.3xd | ..... | 5.58 |
| Abbey Gilt & F.I. Tst. | 110.6 | 116.4 | -0.6 | 11.75 |
| Abbey Income | 34.3 | 37.1 | +0.6 | 9.39 |
| Abbey W'Wide Bd Tst. | 93.5 | 99.0 | -0.2 | 6.77 |
| Abbey Inv. Tst. Fnd. | 44.7 | 48.3xd | ..... | 5.26 |
| Equitas Prog. Trust | 78.6 | 85.0 | -0.1 | 5.07 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt & Pref | 89.5 | 94.2xd | ..... | 12.89 |

**Allied Hambro Ltd. (a) (b)**
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

| | | | | |
|---|---|---|---|---|
| Balanced Funds | | | | |
| Allied 1st | 83.5 | 89.3 | ..... | 5.94 |
| Brit. Inds. Fund | 75.3 | 80.6 | +0.1 | 6.45 |
| Growth & Income | 46.8 | 50.1 | ..... | 5.55 |
| Elect. & Ind. Dev. | 42.4 | 45.4 | +0.1 | 5.40 |
| Allied Capital | 89.3 | 95.6 | +0.2 | 4.65 |
| Hambro Fund | 129.8 | 138.9 | ..... | 6.25 |
| Hambro Acc. Fund | 164.4 | 175.9 | ..... | 5.12 |
| Income Funds | | | | |
| High Yield Fd. | 63.7 | 68.2xd | -0.1 | 10.48 |
| High Income | 77.4 | 82.8 | ..... | 7.61 |
| A. H. Eq. Inc. | 43.6 | 46.7xd | ..... | 7.77 |
| Govt. Secs. | 25.7 | 26.4 | ..... | 12.04 |
| International Funds | | | | |
| International | 31.4 | 33.6 | -0.1 | 3.21 |
| Pacific Fund | 53.5 | 57.2 | +0.1 | 2.15 |
| Secs. Of America | 62.9 | 67.3 | -0.8 | 2.67 |
| Specialist Funds | | | | |
| Smaller Co.'s Fd. | 51.4 | 56.0 | +0.1 | 4.64 |
| 2nd Smlr. Co's Fd. | 60.7 | 64.9 | +0.1 | 4.62 |
| Recovery Sits. | 125.7 | 134.5 | +0.2 | 6.21 |
| Met. Min. & C'dty. | 66.5 | 71.2 | ..... | 4.14 |
| Overseas Earnings | 65.1 | 69.7 | ..... | 5.52 |
| Exempt Funds | | | | |
| Income Exempt | — | 50.0 | ..... | 8.50 |
| Far East Exempt | 59.2 | 61.6 | +0.1 | 2.48 |
| Smaller Co. Exempt | 79.0 | 83.0 | +0.1 | 4.82 |
| U.S.A. Exempt | 110.4 | 114.8 | -0.9 | 3.05 |

**Anderson Unit Trust Managers Ltd.**
158, Fenchurch St., EC3M 6AA. 623 9231

| | | | | |
|---|---|---|---|---|
| Anderson U.T. | 61.8 | 66.5 | ..... | 5.00 |

**Ansbacher Unit Mgmt. Co. Ltd.**
1, Noble St., EC2V 7JA. 01-623 6376

| | | | | |
|---|---|---|---|---|
| Inc. Monthly Fund | 147.0 | 157.0 | ..... | 11.60 |

**Arbuthnot Securities Ltd. (a)(c)**
37, Queen St., London, EC4R 1BY. 01-236 5281

| | | | | |
|---|---|---|---|---|
| Capital† | 28.3 | 30.5 | ..... | — |
| Commodity*** | 87.0 | 93.9 | ..... | 2.88 |
| (Accumulation) | 134.5 | 145.2 | ..... | 2.88 |
| (10% Withdrawal) | 68.0 | 73.4 | ..... | 2.88 |
| Eastern & Internatl.† | 32.0 | 34.5 | ..... | 1.00 |
| (6% Withdrawal) | 23.1 | 24.9 | ..... | 1.00 |
| Extra Income | 92.2 | 99.5 | ..... | 11.26 |
| (Accumulation) | 105.0 | 113.4 | -0.1 | 11.26 |
| Finance & Property* | 23.5 | 25.3 | ..... | 4.15 |
| Foreign†† | 112.8 | 122.7 | -0.7 | 1.00 |
| Giants | 41.6 | 44.9 | -0.1 | 3.32 |
| (Accumulation) | 53.3 | 57.5 | -0.1 | 3.32 |
| Gilt & Fixed | 42.5 | 45.3 | ..... | 13.14 |
| (Accumulation) | 44.7 | 47.6 | +0.1 | 13.14 |
| Growth | 39.5 | 42.6 | -0.1 | 3.38 |
| (Accumulation) | 51.0 | 55.0 | -0.1 | 3.38 |
| High Income | 35.2 | 38.0xd | -0.1 | 9.52 |
| (Accumulation) | 57.4 | 61.9xd | -0.2 | 9.52 |

**Confederation Funds Mgt. Ltd. (a)**
50, Chancery Lane, WC2A 1HE. 01-242 0282

| | | | | |
|---|---|---|---|---|
| Growth Fund | 66.9 | 70.4 | ..... | 4.15 |

For Cosmopolitan see Choularton Fund Managers.

**Craigmount Unit Tst. Mgrs. Ltd.**
40 Bucklersbury, London EC4N 8BD. 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 36.5 | 39.9xd | ..... | 11.34 |
| North American | 52.7 | 56.8 | -0.4 | 3.02 |
| Canadian Exempt* | 62.0 | 65.5 | ..... | 3.61 |
| Canadian Trust | 59.1 | 63.9 | -0.5 | 2.82 |
| Mid Mount High Inc.* | 48.0 | 50.8xd | ..... | 9.50 |
| Recovery | 55.3 | 60.5 | ..... | 7.13 |
| Gilt Trust | 43.3 | 45.3xd | -0.1 | 12.78 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 4931

| | | | | |
|---|---|---|---|---|
| Cres. Amer. Fd. | 31.6 | 34.1 | -0.4 | 1.10 |
| Cres. Internat'l. | 65.8 | 71.0 | -0.3 | 2.46 |
| Cres. High. Dist. | 41.5 | 44.8 | ..... | 5.67 |
| Cres. Reserves | 48.3 | 52.1xd | +0.1 | 5.66 |
| Cres. Tokyo | 21.5 | 23.2 | ..... | 1.00 |

**Darlington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf. Unit Tst. | 24.1 | 25.4 | ..... | 12.30 |

**Discretionary Unit Fund Managers**
Bilbao Hse, 36/38 New Broad St, EC2M 1NU. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. Aug. 8 | 220.9 | 235.6 | ..... | 5.52 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 17.1 | 18.8xd | ..... | 7.60 |
| Gt. Winchester O'seas | 23.7 | 26.1 | ..... | 4.22 |

**Emson & Dudley Tst. Mngmnt. Ltd.**
28b Albemarle St., W1. 01-493 3211

| | | | | |
|---|---|---|---|---|
| Emson Dudley Tst. | 82.0 | 88.2 | ..... | 6.00 |

**Equity & Law Un. Tr. M.♥ (a)(b)(c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| Equity & Law | 84.1 | 88.5 | -0.2 | 4.92 |

**Fidelity International Management Ltd.**
62-63, Queen St., London, EC4R 1AD. 01-248 4891

| | | | | |
|---|---|---|---|---|
| American | 27.0 | 29.1 | -0.4 | 1.14 |
| Gilt + Fixed Int. | 25.3 | 26.7 | -0.1 | 12.37 |
| Growth + Income | 30.9 | 33.3 | -0.2 | 7.36 |
| Special Sits. | 33.1 | 35.6 | ..... | 2.03 |

**James Finlay Unit Trust Mngt. Ltd.**
10-14, West Nile Street, Glasgow. 041-204 1321

| | | | | |
|---|---|---|---|---|
| J. Finlay Internat'l | 33.7 | 36.2 | ..... | 1.55 |
| Accum. Units | 41.5 | 44.6 | ..... | 1.55 |
| J. Finlay High Income | 35.1 | 37.7 | ..... | 9.99 |
| J. Finlay Euro.Fin. | 22.0 | 23.8 | -0.1 | 3.78 |
| Accum. Units | 27.5 | 29.7 | -0.1 | 3.78 |
| J. Finlay Fd.In.Tst. | 37.8 | 40.1 | +0.8 | 6.62 |
| Accum. Units | 46.5 | 49.5 | +0.8 | 6.62 |

Prices on Aug. 20. Next dealing Aug. 27.

**Framlington Unit Mgt. Ltd. (a)**
64, London Wall, EC2M 5NQ. 01-628 5181

| | | | | |
|---|---|---|---|---|
| American Aug. 18 | 61.0 | 64.8xd | ..... | 1.02 |
| Am. T'around Aug. 18 | 60.0 | 64.0 | ..... | 1.81 |
| Capital Tst. | 57.4 | 61.2 | +0.2 | 5.48 |
| (Accum. Units) | 58.2 | 62.2 | +0.2 | 5.48 |
| Extra Income Trust | 49.8 | 53.2xd | ..... | 10.26 |
| Income Tst. | 38.6 | 41.2 | ..... | 8.22 |
| Int. Growth Fd. | 51.4 | 54.8 | -0.2 | 1.86 |
| (Accum. Units) | 54.6 | 58.2 | -0.4 | 1.86 |

**Friends' Provdt. Trust Mgrs.♥**
Pixham End, Dorking. 0306 5055

| | | | | |
|---|---|---|---|---|
| Friends Prov. Units | 57.3 | 61.2 | -0.2 | 4.55 |
| Do. Accum. | 80.7 | 86.3 | -0.3 | 4.55 |

**Funds in Court***
Public Trustee, Kingsway, WC2. 01-405 4300

| | | | | |
|---|---|---|---|---|
| Capital Aug. 14 | 129.9 | 132.7 | ..... | 5.03 |
| Gross Inc. Aug. 14 | 79.4 | 83.0 | ..... | 11.32 |
| High Yield Aug. 14 | 93.9 | 98.1 | ..... | 10.12 |

*Unauth. Restricted to monies under Court control.

**G.T. Unit Managers Ltd.♥**
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Cap. Income | 135.5 | 144.1xd | ..... | 2.80 |
| Do. Acc. | 172.0 | 182.9 | ..... | 2.80 |

## INSURANCE PROPERTY BONDS

## OFFSHORE & OVERSEAS FUNDS

Continued on previous page

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## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

| 1980 High | Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 91 | 82¼ | Aust. 5½pc '81-82 | 89¼ | ...... | 6.31 | 14.71 |
| 85¼ | 72½ | Do. 6pc 1981-83 | 83½ | ...... | 7.30 | 12.79 |
| 67 | 58 | N.Z. 7¼pc 1988-92 | 64¾ | ...... | 11.31 | 13.35 |
| 81½ | 72 | Do. 7½pc '83-86 | 79¾ | ...... | 9.53 | 12.75 |
| 96¼ | 88 | Sth. Africa 9½pc '79-81 | 96¼ | ...... | 10.17 | 15.63 |
| 160 | 95 | S. Rhod. 2½pc Non-Ass. | 97 | ...... | — | 30.33 |
| 169 | 133 | Do. 6pc '78-81 N.-As. | 140 | ...... | — | 31.38 |

## LOANS

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## BUILDING INDUSTRY—Contd.

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

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هكذا من الأصل

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[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australian

| 1980 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 25 | 21 | Acmex 50c | 22 | — | — | — | — |
| 24 | 12 | ACM 20c | 21 | — | — | — | — |
| 122 | 52½ | Bond Corp. | 116 | — | Q2.8c | 2.2 | 1.2 |
| 156 | 88 | Bougainville I Kina. | 115 | — | Q26.2c | 1.0 | 11.6 |
| 265 | 195 | BH South 50c | 200 | — | — | — | — |
| 356 | 230 | CRA 50c | 300 | — | Q15c | 2.1 | 8.7 |
| 25 | 11½ | Canada Northwest | 28 | −½ | — | — | — |
| 42 | 8 | Carr Boyd 20c | 34 | — | — | — | — |
| £36⅜ | £15¼ | Central Pacific | £32¾ | — | — | — | — |

[illegible]

### Tins

[illegible]

### Copper

[illegible]

### Miscellaneous

| 1980 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 180 | 78½ | Anglo-Dominion | 145 | +3 | — | — | — |
| 97 | 52 | Barymin | 66 | −1 | — | — | — |
| 17 | 12 | Burma Mines 10p | 13½ | −½ | 0.62 | 1.1 | 6.4 |
| 172 | 53 | Colby Res. Corp. | 170 | — | — | — | — |
| 502 | 285 | Cons. Murch. 10c. | 308 | — | Q100c | 1.8 | 19.1 |
| 180 | 95 | ††Hemerdon 10c. | 95 | — | — | — | — |
| 585 | 325 | Northgate C$1 | 365 | −10 | — | — | — |
| 485 | 327 | R.T.Z. | 475 | +7 | 15.0 | 3.2 | 4.5 |
| 33 | 16 | Robert Mines | 22 | — | — | — | — |
| 112 | 95 | ††SPO Minerals 10p | 95 | — | — | — | — |
| 58 | 26 | Sabina Inds. C$1. | 28½ | +½ | — | — | — |
| 51 | 37 | ††SWCM 10p | 37 | — | — | — | — |
| 650 | 411 | Tara Explm. $1 | 470 | +5 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. [illegible]

[illegible]

## OPTIONS

### 3-month Call Rates

[illegible]

| | | | | | |
|---|---|---|---|---|---|
| Distillers | 17 | P & O Dfd. | 10 | Burmah Oil | 20 |
| Dunlop | 7½ | Plessey | 14 | Charterhall | 10 |
| Eagle Star | 15 | Racal Elect. | 22 | KCA | 11 |
| F.N.F.C. | 2¼ | R.H.M. | 4½ | Premier | 13 |
| Gen. Accident | 21 | Rank Org. | 15 | Shell | 35 |
| Gen. Electric | 30 | Reed Intnl. | 16 | Tricentrol | 40 |
| Glaxo | 18 | Sears | 5 | Ultramar | 35 |
| Grand Met. | 12 | Tesco | 6 | | |
| G.U.S. 'A' | 34 | Thorn | 23 | Mines | |
| Guardian | 23 | Trust Houses | 12 | Charter Cons. | 14 |
| G.K.N. | 20 | Tube Invest. | 23 | Cons. Gold | 40 |
| Hawker Sidd. | 15 | Unilever | 40 | Lonrho | 8 |
| House of Fraser | 15 | U.D.T. | 5½ | Rio T. Zinc | 35 |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

# FINANCIAL TIMES

Thursday August 21 1980



FRENCH NAVY STANDS BY TO FREE OIL TERMINALS

# Barre move to break blockade

BY DAVID WHITE IN PARIS

M. RAYMOND BARRE, French Prime Minister, yesterday stepped into the fishermen's dispute by ordering the navy to stand by to open the way to France's oil terminals.

The measure was announced after Fos-sur-Mer, the modern industrial harbour complex near Marseilles, joined the list of ports blockaded by the striking fishermen. Several tankers were blocked in the port and access to the nearby Lavera terminal was cut.

At Donges, on France's Atlantic coast, refinery managers said activity would have to be reduced if the blockade lasted more than 10 days. Three French Ministries have been called on to co-ordinate plans for possible naval action.

M. Barre's intervention, his first since the outbreak of the dispute last month, came as M. Joel le Theule, the Minister of Transport whose department is responsible for fisheries, met representatives of the fishing industry in Paris.

Observers were pessimistic about the outcome of the meeting with no concession in sight on the fishermen's main demand for an increased fuel subsidy. Trawler owners in conflict with their employees and inshore fishermen alike are demanding more state aid.

The striking fishermen yesterday closed ranks on the Channel ports. After the evacuation of some 6,000 tourists from Cherbourg on Tuesday, the blockade of Channel traffic was restored and all ferry services to France were stopped.

Roscoff, from where the last service was running to Plymouth, was closed by fishing boats. The commercial port of Rouen suffered the same fate.

Sealink and Hoverlloyd hovercraft, however, maintained services to and from Boulogne and Calais.

Port authorities at Le Havre, which has been blocked for over a week, have filed a suit against the fishermen for FFr 1.5m (£152,000) per day of the siege.

In Cherbourg the evacuation of stranded tourists, many of whom had been there since Saturday, was completed before the cables were once more strung across the harbour entrance yesterday morning. Only one car and caravan were reported to be left on the dockside.

But the angry British tourists were replaced by protesting lorry drivers, mostly British and Spanish, who staged a counter-blockade in the streets.

In Dunkirk drivers of lorries loaded with Golden Delicious apples were also impatiently awaiting the end of the blockade, doubtless to the delight of British farmers who have been campaigning against French apple imports.

One ship outside Le Havre was loaded with 5,000 tonnes of rapidly deteriorating bananas, the last crop from the hurricane-stricken island of Martinique.

# Firestone to close last UK factory

By Kenneth Gooding, Motor Industry Correspondent

THE UK tyre industry suffered another sharp blow yesterday when Firestone Tire and Rubber, the U.S. group, said it would close its remaining tyre manufacturing plant in Britain.

The closure of the plant, at Wrexham, North Wales, in November will cost about 600 jobs. A further "indeterminate number" of employees at Firestone's headquarters in Brentford, Middlesex, will also be affected.

News of the shut-down came only a day after Firestone in the U.S. announced that in the first nine months of the year it had suffered losses of $98m on sales of $3.62bn compared with a profit of $78m on sales of $3.87bn for the same period of 1979.

Firestone closed its other UK plant, at Brentford, this year, causing 1,500 redundancies.

As before, the group blamed the latest closure on continuing losses in the UK caused by overcapacity in a declining market.

The tyre industry generally has been in a state of disarray since the mid1970s. The oil crisis and subsequent steep fuel price increases caused motorists to cover fewer miles a year, while there has been a simultaneous switch towards radial tyres—particularly the steel-belted variety—which last twice as long as the old cross-ply types.

In the UK, employment in the tyre industry has dropped from 47,000 in 1973 to an estimated 31,000 this year.

Dunlop rationalised last year at the cost of 3,100 jobs, including 2,400 at the Speke plant on Merseyside which was closed. Goodyear has also made 1,400 redundant in Britain.

The problem is world-wide for the tyre industry. Firestone has reduced its U.S. capacity by about a quarter and ended production in Switzerland, Sweden and Australia.

Firestone did not give any details yesterday about losses in the UK or the estimated cost of closing Wrexham. It said the cost was expected to be covered by reserve established for plant closures.

The group is to retain its marketing operations in the UK —where it has an estimated 11 per cent market share—and its tyres will still be sold in Britain by independent dealers and distributors.

Only last week it completed the sale for £3m cash of its 180 tyre and exhaust fitting depots in the UK to Kwik-Fit.

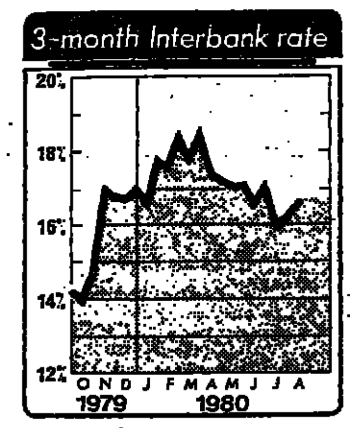
Firestone also announced yesterday that it will end operations at a small industrial products plant, employing about 40 at Treherbert, Wales.

Closures will cost 1,200. Page 6

THE LEX COLUMN

# The scramble for reserve assets

## Index rose 3.6 to 491.7




Any fears that the banking system's monthly make-up day might stop being entertaining just because the corset has been removed turn out to have been completely misplaced. On yesterday's form, the reserve asset squeeze gives just as much scope for fun and games.

The problem seems to be that the end of the corset was accompanied by a burst of eligible liability growth, which has left the banking system needing to find a good deal more reserve assets than before. Treasury bills are in short supply, and the banks must be up to their limit in holding of commercial bills (which may make up only 2 per cent out of the 12.5 per cent reserve asset ratio). The way out is to place call money with the discount market.

Some banks had clearly under-estimated their reserve asset needs, for yesterday morning more than 25 per cent was being paid in the interbank overnight market—30 per cent in Eurosterling—for the privilege of putting funds with a discount house at 14 or 15 per cent. So it was a good day to be a discount house: by mid-morning the houses could reasonably have hoped to be taking money for 10 per cent or less in the afternoon. But this was not to be. The volume of money being placed on call suddenly dried up, and some were saying that the Bank of England had made some private arrangement with one or more clearing banks to solve their reserve asset problems.

The difficulty for the Bank on a day like yesterday is to avoid a general rise in rates. The tightness was not confined to overnight money: one month interbank was trading at nearly 17 per cent, and even six-month money is above the 16 per cent Minimum Lending Rate. At least one U.S. bank raised its sterling base rate yesterday—not important in terms of the amount of money involved (since most of its lending is done at market-related rates rather than on overdraft) but an indication of the way things are seen to be moving. The Bank of England once again offered the discount market sale and repurchase facilities on eligible bills, which were taken up to the tune of something approaching £200m.

The money market's problems are not restricted to meeting calls on gilt-edged stock and covering reserve asset requirements. On September 1 a payment of petroleum revenue tax totalling more than £1bn falls due, which will be another serious drain on the system. It is just possible that the market's fears about PRT are overdone: oil companies may already have bought enough certificates of tax deposit to cover most of their liability, in which case the market has already seen a fair bit of the PRT shortage.

One worrying feature of yesterday's market was the degree of round tripping (now called "hard arbitrage") that seemed to be going on. Corporate treasurers are supposed to restrain themselves when they see an opportunity to borrow on their overdraft lines at 17 per cent and re-lend in the money market at a profit, but the chance of making a turn of more than five percentage points was too much for some of them. The problem is that round-tripping inflates sterling M3 which, like everything else, is totted up on make-up day.

Even without round-tripping, the growth of sterling M3 in banking August is widely expected to be a good 2½ per cent as corset distortions will continue to unwind. Except for the difficulty that big jumps in the money supply do not make pretty headlines, it is certainly in the authorities' interest to get as large a rise in sterling M3 as possible out of the way before they rebase the money targets in the autumn.

## London Brick

London Brick's pre-tax profits for the first half have recovered £7.2m against £3.1m in a depressed six months during 1979. But the outlook is cloudy. The 1980 downturn in construction is proving every bit as steep as feared, with new orders for building work in the second quarter 20 per cent below the level a year ago. More worrying is the ever-receding prospect for more than a cosmetic cut in MLR, which means that any revival is now bound to miss the spring building season.

The prospect of a prolonged recession is forcing London Brick to look closely at its stock-building policy of recent years, under which output has been maintained at a steady level to smooth out the cyclical peaks and troughs. After strong sales in the early part of the year, encouraged by the good weather, deliveries have fallen sharply in the latter months, pushing the volume of London Brick's sales 15 per cent below the comparable level in 1979.

So brick stocks have jumped from virtually nothing to about nine weeks' supply, and the company has cut back production by about 10 per cent by eliminating overtime in recent weeks. And whereas last year net debt was reduced by £5½m, the increase in brick stocks has probably already absorbed a similar amount so far this year. While the balance sheet remains extremely strong the company may well decide—as it has warned—to cut production levels further in the autumn. The high volume gearing makes profitability in the second half vulnerable to such a step, especially as a further price rise is unlikely.

So pre-tax profits for the year may be no better than the £14.1m in 1978. The shares, which have come down from the region of 80p in the last couple of weeks, put on 2p yesterday to 74p, producing a prospective p/e of about 6½, fully-taxed, and a historic yield of 8½ per cent.

## Bundesbank

The Bundesbank will have little room for manoeuvre when it meets today after the summer break. Last month, when it pumped DM 5.4bn into the market to tide the banks over August, it was widely assumed that today's meeting would produce a cut in interest rates. Since then, however, U.S. rates have turned up and the dollar has risen a couple of pfennigs to around DM 1.80. With the Mark at the bottom of the basket in the European Monetary System and the current account deficit still widening, the Bundesbank will be reluctant to signal a change in its monetary stance by cutting the discount rate. The slowing of the economy gives it no freedom to tighten rates so some banks are looking for another temporary measure such as a lowering of minimum reserve levels. This would free funds ahead of next month's tax deadline and provide some relief to the rather battered profits of German banks.

# TUC visit to Poland attacked

By Christian Tyler, Labour Editor

THE TUC decision to go ahead with its visit to Poland where thousands of striking workers are demanding a "free" trade union movement, was attacked yesterday by two anti-Communist members of its general council.

A decision on Monday to accept the invitation of the official Polish trade union federation, was endorsed without debate by the council yesterday.

Members of the TUC Economic Committee who will go to Poland on September 8 have, however, told their hosts they expect to talk to factory committees and investigate the emergence of the unofficial trade union movement.

But yesterday Mr. Frank Chapple, of the electricians' union and Mr. Terry Duffy of the engineers', who were outvoted on Monday on the issue, said the visit would be seen as a gesture of support for the Polish authorities.

Mr. Duffy said he had refused to go on the visit just as he had refused previous visits to Communist countries. He thought it would be construed by the Communist Press as a sign of support for the regime.

Mr. Chapple claimed most of the general council secretly supported him but were afraid to "stand up and be counted" because they had communists in their unions of whom they were afraid.

He said the visit "tends to legitimise these awfully oppressive regimes, and would devalue the currency of protests that the TUC was making about the British Government's policies.

The TUC's decision was defended by Mr. Len Murray, general secretary, who said the general council was sympathetic to the demands of workers in any country to have strong and independent trade unions.

Expulsion move fails, Page 7

# Strike vote at Times

BY PAULINE CLARK, LABOUR STAFF

**JOURNALISTS AT The Times decided yesterday to strike from noon tomorrow, for the first time in the paper's history, following the management's refusal to meet a 21 per cent pay recommendation by an independent arbitrator.**

**However, the management and leaders of the 270 journalists agreed last night to attend "exploratory" talks at the Advisory Conciliation and Arbitration Service headquarters this morning ahead of the strike deadline.**

**The talks, which were arranged on the initiative of ACAS, will involve separate meetings between representatives of each side and conciliation officers.**

**But leaders of the National Union of Journalists chapel (office branch) emphasised last night the "extreme depth of feeling" which had led to the 83 to 37 vote in favour of strike action.**

**The journalists will seek official backing from a national executive meeting of the NUJ which takes place this morning.**

**Mr. Charles Harkness, NUJ acting general secretary, said yesterday that the union regarded the management's position as "immoral and cynical."**

**"The arbitration procedure is not binding, but obviously if both parties agree to go to arbitration and submit evidence, there is a clear moral obligation on both parties to accept the findings."**

**The management told the journalists yesterday that it could not afford to improve on its original 18 per cent pay offer.**

**Mr. Dougal Nisbet-Smith, managing director of Times Newspapers, said the offer, as it stood, coupled with increasing losses and a deepening recession, would mean an urgent examination of the company's ability to pay.**

**Mr. Jake Ecclestone, father (chairman) of the chapel, said after the 3½ hour journalists' meeting yesterday that they felt they had no choice but to take action.**

**"It is a measure of the extreme depth of feeling in the chapel where, despite much heart searching, worrying and agonising, journalists who have never taken any industrial action before, carried by that majority the motion seeking a full withdrawal of labour."**

**The journalists involved include about 100 editorial staff on the Times' two education supplements and on its literary supplement.**

# Unions fight Bowater closure

BY PAULINE CLARK AND WILLIAM HALL

UNION LEADERS at the condemned Bowater paper mill at Ellesmere Port yesterday set up a joint action committee pledged to employ "the full might of trade union unity" to save 1,600 workers from redundancy.

It followed a series of meetings of local union leaders at the mill and a mass meeting of the workers which gave unanimous backing to calls to resist the closure announced on Tuesday.

Mr. Arnold Martin, Merseyside branch secretary of the 200,000-strong Society of Graphical and Allied Trades—the main union at the mill—made clear yesterday, however, that the fight was expected to be co-ordinated at national union level.

Local shop stewards were told yesterday by Mr. Bill Keys, general secretary of SOGAT, that the union was prepared "to take up arms" in defence of the Bowater workers.

Mr. Keys has already warned that SOGAT was planning national action to persuade the Government to curb imports of cheap paper and to subsidise the industry's energy costs. He has also indicated that action might be taken against national newspapers which use imported paper at the expense of the British product.

Mr. Martin said that a further 1,600 members in two other Bowater mills were also in fear of losing their jobs following the management's failure to obtain Government help to save the Ellesmere Port mill.

"The argument is not with Bowater management but with Government policy. But we are prepared to bring the full might of trade union unity against the closure and against any proposal to close other factories on the site."

He warned the management that, if the mill were closed it would add to "the strangulation of the community" in the Ellesmere Port area, where unemployment was nearly 14 per cent.

Mr. John Silkin, the shadow Industry Secretary, warned yesterday that the paper-making industry would be "totally destroyed" without urgent Government help.

He has written to Sir Keith Joseph, Industry Secretary, for the second time in a fortnight urging him to apply import controls, particularly on Scandinavian products, or to subsidise the British paper industry's energy costs.

The Timber Growers' Organisation, which represents private forestry owners, has also attacked the Government's decision not to save the Ellesmere Port mill

# Weather

UK TODAY

CLOUDY, WITH rain or showers at first. N. Britain cloudy with showers, frequent in N. and N.W. Scotland, scattered elsewhere. Sunny intervals in the East.

S. Britain cloudy, outbreaks of rain in the East, becoming brighter with showers in the West though dry elsewhere. Strong winds in the North and gale force winds in C. and N. Scotland.

Temperatures around normal. Max. temps. 15C (59F) in C. and N. Scotland, 18-21C (64F-70F) elsewhere.

*Outlook:* Becoming mainly dry except for showers in N. East.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 27 | 81 | Locarno | S | 26 | 79 |
| Algiers | F | 30 | 86 | London | F | 23 | 73 |
| Amsdm. | C | 18 | 64 | Luxmbg. | C | 17 | 63 |
| Athens | F | 27 | 81 | Luxor | S | 38 | 100 |
| Bahrain | S | 36 | 97 | Madrid | S | 31 | 88 |
| Barclna. | S | 28 | 82 | Majorca | S | 30 | 86 |
| Beirut | F | 30 | 86 | Malaga | F | 28 | 82 |
| Belfast | F | 16 | 61 | Malta | S | 30 | 86 |
| Belgrd. | F | 24 | 75 | M'chstr. | F | 20 | 68 |
| Berlin | R | 15 | 59 | Melbne. | R | 11 | 52 |
| Biarritz | S | 25 | 77 | Mex. C. | | 21 | 70 |
| Bmghm. | C | 25 | 77 | Milan | S | 27 | 81 |
| Blackpl. | C | 17 | 63 | Mntreal. | C | 19 | 66 |
| Bordx. | S | 25 | 77 | Moscow | C | 16 | 61 |
| Boulgn. | C | 16 | 61 | Munich | C | 18 | 64 |
| Bristol | C | 18 | 64 | Nairobi | C | 20 | 68 |
| Brussels | S | 22 | 72 | Naples | F | 28 | 82 |
| Budpst. | F | 21 | 70 | Nassau | C | 17 | 63 |
| B. Aires | S | 16 | 61 | N. York | C | 20 | 68 |
| Cairo | S | 31 | 88 | Nice | S | 26 | 79 |
| Cardiff | C | 16 | 61 | Nicosia | S | 28 | 82 |
| Cas'b'ca | F | 23 | 73 | Oporto | F | 28 | 82 |
| Cape T. | S | 20 | 68 | Oslo | R | 13 | 55 |
| Chicago | S | 26 | 79 | Paris | S | 23 | 73 |
| Cologne | F | 22 | 72 | Perth | S | 18 | 64 |
| Cpnhgn. | R | 14 | 57 | Prague | R | 17 | 63 |
| Corfu | S | 28 | 82 | Reykjvk. | F | 9 | 48 |
| Dublin | S | 20 | 68 | Rhodes | S | 29 | 84 |
| Dbrvnk. | S | 26 | 79 | Rio J'o | S | 26 | 79 |
| Ednbgh. | C | 17 | 63 | Rome | S | 28 | 82 |
| Faro | C | 25 | 77 | Salzbrg. | C | 19 | 66 |
| Florence | S | 29 | 84 | Singapr. | C | 29 | 84 |
| Frankft. | F | 19 | 66 | Stckhm. | C | 16 | 61 |
| Funchal | C | 24 | 75 | Strasbg. | F | 24 | 75 |
| Geneva | S | 24 | 75 | Sydney | C | 21 | 70 |
| Gibraltar | F | 26 | 79 | Tangier | C | 24 | 75 |
| Glasgow | F | 15 | 59 | Tehran | S | 31 | 88 |
| G'rnsey | S | 17 | 63 | Tel Aviv | S | 29 | 84 |
| Helsinki | S | 19 | 66 | Tenerife | S | 23 | 73 |
| H. Kong | S | 29 | 84 | Tokyo | R | 26 | 79 |
| Innsbrk. | C | 19 | 66 | Toronto | S | 26 | 79 |
| Invrnss | C | 15 | 59 | Tunis | S | 29 | 84 |
| I.o.Man | C | 18 | 64 | Valencia | F | 28 | 82 |
| Istanbul | S | 25 | 77 | Venice | S | 25 | 77 |
| Jersey | F | 18 | 64 | Vienna | C | 21 | 70 |
| Jo'burg | S | 19 | 66 | Warsaw | S | 20 | 68 |
| L. Plms. | S | 25 | 77 | Zurich | S | 22 | 72 |
| Lisbon | F | 28 | 82 | | | | |

C—Cloudy. F—Fair. R—Rain. S—Sunny.

# Newbigging stands down

BY NICHOLAS COLCHESTER

Mr. David Newbigging, the chairman of Jardine Matheson, the Hong Kong business empire, is to stand down as chairman of the Hongkong and Kowloon Wharf and Godown Company in favour of Sir Y. K. Pao, the shipping magnate.

The decision follows Sir Y.K's rapid move in June to increase his holding in the property-rich Wharf company from 30 per cent to 49 per cent and thus trump a rival bid by the Hong Kong Land Company.

The Jardine chairman's decision will end a bitter battle for control of the Wharf Company between Sir Y.K. and the Hongkong and Shanghai Bank, his advisers, and Jardine Matheson and Hong Kong Land.

This is another example of Chinese interests moving into Hong Kong business preserves traditionally dominated by Europeans.

The articles of association of both Hong Kong Land and the Wharf company say that their chairmen should be the chairman of Jardine Matheson. Mr. Newbigging has called an extraordinary general meeting of Wharf shareholders for September 17 to change the Wharf articles. Directly afterwards the board will elect Sir Y.K. as chairman.

Men and Matters, Page 14

# U.S. Steel

Continued from Page 1

price and penalising foreign steelmakers which breach it.

Mr. Klutznick is trying to convince Mr. Roderick that his Department would vigorously defend the trigger prices, whereas the Treasury, which administered the system until the beginning of this year, was never very interested in doing so.

At this stage, Europeans themselves are bystanders in what has become a finely balanced negotiation. Viscount Etienne Davignon, the EEC Industry Commissioner, told officials in Washington a few weeks ago that the EEC would be happy to co-operate in a re-established trigger price mechanism.

Another possible component of a negotiated settlement would be some type of orderly marketing agreement with the Europeans, but this is not thought likely to emerge.

In the poker game being played out in Washington, however, officials are making it clear to U.S. Steel that the company must not overplay its hand.

In the first place, any dumping duties imposed would have to be authorised by the President.

In the first half of this year, the U.S. imported 8.1m tons of steel, compared with 7.8m tons in the same period of 1979. The EEC accounted for 1.9m of the 1980 total, down from 2.1m tons in the first half of last year.

# Pym reaffirms NATO commitment

BY ELINOR GOODMAN

BRITAIN might this year miss NATO's target of an annual 3 per cent increase in defence spending in order to keep within cash limits, Mr. Francis Pym, the Defence Secretary, tacitly acknowledged yesterday. But he reaffirmed in resounding tones the Government's long-term commitment to this target and to giving priority to defence even in periods of "financial stringency."

The Government, he said, in a letter to Lord Thorneycroft, chairman of the Conservative Party, had an "unshakeable commitment to defence." "Good housekeeping" this year would make it easier for the Government to meet its objective in the long term and build up the defences Britain so badly needed.

The Government budgeted at the beginning of the year for a 3 per cent increase in spending on defence this year. But, because of inflation, spending by the Ministry of Defence had been running £650m over the agreed limit. To rectify this, Mr. Pym announced just before the Commons recess a three-month moratorium on new defence contracts. At the same time the Department's cash limit was raised by £223m to £10.492bn.

Many Conservative Party activists see increased defence spending as one of the party's most sacred commitments. Reports of the moratorium, and of clashes between the Treasury and the Ministry of Defence, have apparently alarmed some setcions of the party. These worries could surface at the party conference in what would otherwise be a largely congratulatory debate on defence.

In his letter to Lord Thorneycroft, Mr. Pym set out to reassure the party faithful of the Government's continued commitment to increased defence spending. He also tried to dispel the impression that his Department was guilty of financial mismanagement.

Since his letter was meant primarily for party consumption, he devoted less time to answering criticism of the Government for increasing defence spending at a time of financial cutbacks. The Government's acceptance of the NATO target, he said, was justified by its conviction that "the world we live in is a very dangerous one indeed."

Spending this year would, he promised, increase in real terms despite recent "corrective action," but the precise size of this increase and its relationship to the NATO target would depend on the "trend of prices during the remainder of the year." He said he had had to accept a "slowing down of the programme this year and a reduction in the number of activities by the forces."

Mr. Pym denied a struggle between his Department and the Treasury. "The Government, he stressed, was determined to get the economy right and "in that wider interest I accept that there must be some restrictions in the immediate future in the rate of increase of defence spending."

NATO arsenal plan rejected, Page 6



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